FINANCIAL TIMES

WEEKEND AUGUST 28/AUGUST 29 1993 D8523A

Germans play down doubts on US-EC farm deal

German officials backtracked yesterday on Chancellor Helmut Kohl's apparent support for France's effort to renegotiate a hard-won US-EC farm trade agreement. While French officials welcomed what they called a turning point in Germany's stance on agricultural exports. Bonn insisted it was not seeking formal renegotiation. In Washington. American Farm Bureau chief Dean Kleckner said that if Germany had really changed its position, "it could mean the end of the Gatt talks". Page 2

Yeltsin budget rejected: Russia's parliament threw out President Boris Yeltsin's plans for cutting the budget deficit. It then approved its own plan. deleting all but six of 15 amendments proposed by the president. **Fyodorov sacking demanded, Page 2**

BAe and Taiwan clinch deal: British Aerospace signed an agreement with Taiwanese officials on how they will finance a planned joint venture jet aircraft. The deal will preserve as many as 3.000 BAe jobs near Manchester. **Page 3**

UN convoy still held in Mostar: Desperate Mostar Moslems continued to bar the departure of a UN convoy that brought in aid on Thursday. fearing that Croat shelling would resume once the trucks went. **Izetbegovic urges rejection of plan, Page 2**

Abiola's plan is 'insurrection': Nigeria's military-appointed administration said it would treat as "insurrection" any attempt by Moshood Abiola. the man thought to have won the country's annulled elections, to return and form a government. **Oil workers to strike, Page 3**

Brewer blames bottle maker: Dutch brewer Heineken blamed its bottle maker for the glass splinter scare which prompted the recall of millions of bottles. It said Dutch-based Vereenigde Glasfabrieken. which is majority-owned by BSN of France, should meet all the costs. **Recall reaches Canaries, Page 2**

Italian judge warned: Diego Curto, vice-president of Milan's civil court and head of its commerce division, became the first senior figure to be warned formally that he faces investigation in Italy's corruption scandal.

Priest accused: Roman Catholic priest Patrick Ryan. 63. wanted in Britain over IRA bombings, appeared in a Dublin court accused of handling stolen property. He was released on bail.

Typhoon lashes Tokyo: Road. rail and air links with the Japanese capital were cut when Typhoon Vernon hit Tokyo before heading north along the Pacific coast. A record 65mm (2.5 ins) of rain fell on Tokyo's central business district in an hour. **Picture. Page 22**

Six hurt in IRA attack: Six people were injured when the IRA fired a mortar at a police station in Lisnaskea. Northern Ireland. One of those hurt was six months pregnant.

Poland devalues: The Polish zloty was devalued by about 8 per cent against the dollar to try to boost exports and cut a $1.1bn trade deficit. **Page 2**

TSB bows out of car rentals: TSB Group of the UK is selling its EuroDollar car rental company for £192m to its managers. EuroDollar has 10 per cent of the UK market and owns the EuroDollar network in 27 countries. **Page 8; Lex, Page 22**

China may reconsider the exile of dissident Han Dongfang if he shows "signs of repentence and mending his ways", the Ministry of Public Security said. Han founded China's first independent labour union and was jailed for 22 months without trial after the 1989 Tiananmen Square crackdown.

Smog smothers Athens: Hundreds of Athenians had to seek hospital treatment when smog indicators in the Greek capital exceeded emergency levels and temperatures reached 104 F.

Reform chief quits: Ukraine's deputy prime minister Viktor Pynzenyk, the man responsible for piloting the republic's economic reforms, said he was resigning because economic decisions were being taken without his consent.

Chasing cheaper insurance: The number of Britons who switched insurance companies almost doubled between September 1991 and March 1993 – a sign that UK consumers are increasingly likely to shop around for cheaper policies. **Page 5**

■ STOCK MARKET INDICES		
FT-SE 100:	3100.6	(+21.4)
Yield	3.7	
FT-SE Eurotrack 100	1308.15	(+9.69)
FT-A All-Share	1537.57	(+0.6%)
Nikkei	20,791.68	(+199.93)
New York lunchtime:		
Dow Jones Ind Ave	3627.78	(-20.40)
S&P Composite	459.51	(-1.53)
■ US LUNCHTIME RATES		
Federal Funds:	3%	
3-mo Treas Bills: Yld	3.075%	
Long Bond	101 11/32	
Yield	6.122%	
■ LONDON MONEY		
3-mo Interbank	5 11/16%	(5 7/8%)
Liffe long gilt future:	Sep 113 7/8	(Sep 112 11/16)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Oct)	$17.35	(17.03)
■ Gold		
New York Comex (Aug)	$369.3	(370.8)
London	$369.0	(367.5)

■ STERLING		
New York lunchtime:		
$	1.5055	
London:		
$	1.5005	(1.5075)
DM	2.5	(2.515)
FFr	8.7475	(8.8075)
SFr	2.2075	(2.215)
Y	156	(157.5)
£ Index	80.8	(80.7)
■ DOLLAR		
New York lunchtime:		
DM	1.664	
FFr	5.8205	
SFr	1.4655	
Y	103.8	
London:		
DM	1.6665	(1.668)
FFr	5.83	(5.8425)
SFr	1.472	(1.4685)
Y	103.95	(104.4)
$ Index	65.4	(65.5)
Tokyo close Y 104.45		

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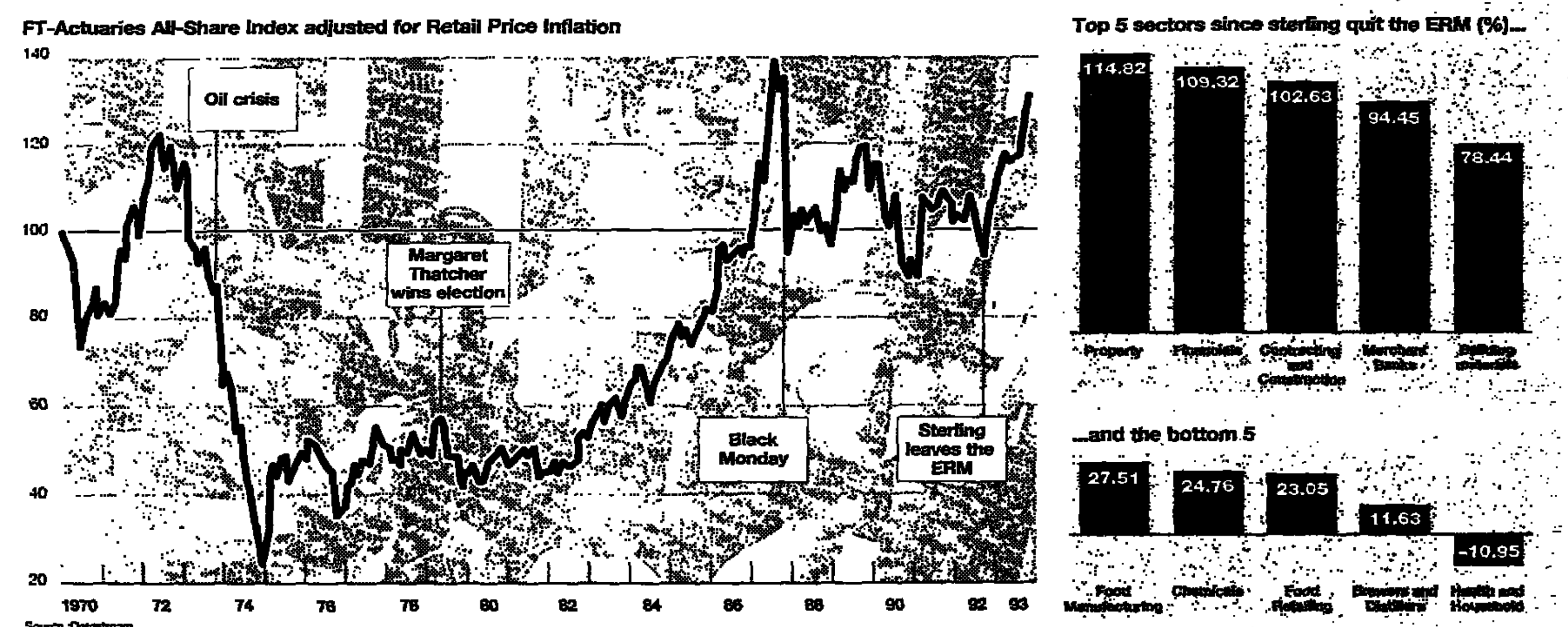
Reaching for a real high



Source: Datastream

Markets surge to new peaks

European equities climb to record levels despite Bundesbank's refusal to cut rates

By Our Financial Staff

LONDON SHARES joined other European stock markets yesterday in soaring to record levels, in defiance of the Bundesbank's refusal on Thursday to cut interest rates.

In London FT-SE 100 index broke through 3,100, closing 21.4 points higher at 3,100.6, two weeks after breaking through the 3,000 barrier for the first time.

The Paris CAC-40 market closed at a record 2,183.88, up 10.27 points. The Madrid and Lisbon bourses both reached their high points for the year. The German DAX index closed 3.45 points up at 1,904.60, only 4 per cent short of the peak reached in April 1990 in the euphoria following the fall of the Berlin Wall.

Sterling closed at DM2.5000, down 1½ pfennigs on the day and down 3¾ pfennigs on the week.

In London, analysts attributed the performance of equities to confidence in UK economic recovery, encouraged by the Confederation of British Industry, which raised to 3 per cent its growth forecast for gross domestic product next year.

Equities were also driven by strong gains in domestic bond markets, as investors remained confident that inflation will stay low and that falling interest rates in continental Europe would allow UK rates to be cut further.

"It would take something very negative and totally unexpected to push this market down and hold it there," said Mr Richard Jeffrey of Charterhouse Tilney.

"We're seeing increasing confirmation of recovery. The rally will continue," he added.

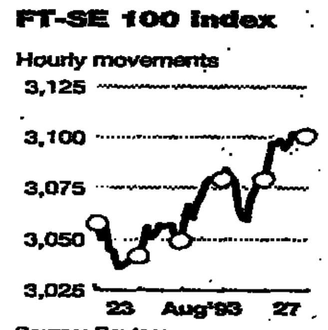
"Interest rates are coming down across Europe. and the only question is the timing," said Mr Ian Harnett at Strauss Turnbull, the London securities arm of Société Générale.

Analysts said the UK market may have already factored into share prices a possible reduction in UK base rates to 5 per cent from the present 6 per cent. Some suggested that rates could be cut to 4 per cent, perhaps by the year-end.

Trading volume in UK equities has risen this month to record daily levels for 1993, with US investors particularly heavy buyers this week.

The new record underscores a remarkable revival in the City's fortunes. This year, as a result of rising equity markets and turbulent foreign exchange markets, London's trading houses have enjoyed record profits.

FT-SE 100 Index



Source: Reuters

This month BZW, the broking and investment arm of Barclays Bank, announced half-year profits almost doubled at £234m. Union Bank of Switzerland, which owns the leading London stockbrokers UBS Phillips and Drew, reported that half-year profits from trading were up 144 per cent at SFr1.55bn (£700m).

"I think there is a mood change in the City," said one market strategist. But relief is mixed with sobriety. There is little suggestion that London's dealers are about to resume the spending spree on which many embarked in the mid-1980s.

Porsche's largest UK distributor, in Chiswick, west London, might be recording a five-fold increase in car sales this August over last, but there is a much-more cautious mood.

The management of the Altruist champagne bar in the City's Bow Lane said that this August had been better than last, but attributed this mainly to the weather.

Nearby at the Bow Lane Colony Wine bar, manager Gill Owen said there was less talk of recession, but people were still ordering house wine at parties instead of champagne.

"It used to be that as long as it was cold and fizzy people would drink champagne by the case," she said.

The more sombre mood is blamed on the fear of unemployment. Stockbrokers said there had been redundancies in their industry as recently as three months ago. Last month the Institute of Management and Research, the body representing Britain's 3,100 investment analysts, said it would defer its £81 annual subscription fee for unemployed members.

There is little evidence so far that employment in the City is recovering. Mr Peter Rees, City planning officer at the Corporation of London, estimated that five years ago some 320,000 people worked in the financial district. Now, he said, the figure was approaching 250,000. The recession and the introduction of new technologies were to blame.

Personnel executives at City broking houses reported a slight increase in movement of staff between firms.

However, most institutions are expected to be cautious about repeating their mistake of the 1980s in increasing overheads that could prove difficult to sustain.

"Institutions will be a lot more wary about handing out ridiculous sums of money," a personnel manager said.

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Crackdown on easy cash for Japan's big spenders

By Robert Thomson in Tokyo

JAPAN'S commercial banks are about to cramp the style of the country's big spenders by limiting withdrawals from cash dispensers.

The move will be a blow to those who are coy about using credit cards, and debt-collecting gangsters who generally do not accept them.

The country's leading 11 commercial banks have agreed in principle to impose a daily limit of Y2m (£12,900) on their machines, still very large by international standards.

The proposed new ceiling is a response to rising bank card fraud and concern that small banks could be threatened if customers continue to enjoy unlimited access to cash.

In contrast to the standard £200 withdrawal limit from British cash machines, at present the only limit on the largesse of Japanese dispensers is often the size of your bank account, or your overdraft facility. Some banks currently have a daily limit of Y5m, while others have no limit.

The Y2m ceiling will be an inconvenience in a country that runs on large-denomination notes. When a provincial governor was arrested several weeks ago for alleged bribe-taking, prosecutors claimed he was given Y30m cash in a shopping bag.

Mr Shin Kanemaru, the fallen godfather of Japanese politics now on trial for alleged tax evasion, has said he often received large amounts of cash from construction companies or "loyal supporters". Prosecutors found millions of yen in his bedroom.

Police believe bank dispenser machines are used by companies giving politicians large donations because they do not have to deal directly with bank staff.

Japanese bankers fear that a bank failure could prompt depositors to rush to another institution's automated teller to withdraw funds. Banks bruised by the sharp fall in asset values in Japan over the past three years are increasingly fragile

Continued on Page 22
Flagging economy, Page 3

Founder of Homes Assured is found guilty

By Richard Donkin

THE FOUNDER of Homes Assured, the company set up to help council house tenants buy their homes under the government's right to buy legislation, was found guilty yesterday of two charges of deception.

A Southwark Crown Court jury, sitting in an annexe of the Old Bailey, returned guilty verdicts on two charges of procuring execution of a security by deception against Mr Anthony Dobson, the company's 60-year-old founder and former board director, of Glebe Place, Chelsea, south-west London.

Mr Keith Woodward, another board member, was convicted onone charge of furnishing false information. The jury is continuing its deliberations today on joint charges of fraudulent trading against Mr Dobson, Mr Woodward and Mr Michael Robinson, the former managing director of Homes Assured.

More than 100 witnesses were called by the Crown in its case against the three directors on charges which arose out of the company's collapse four years ago with debts of £10.7m.

Bugatti takes over Lotus sports cars

By Kevin Done, Motor Industry Correspondent

TWO FAMOUS marques of the European motor industry are to be brought together with the takeover of Group Lotus, the UK sports car maker and automotive engineering group, by Bugatti International.

The Bugatti holding company, registered in Luxembourg, was formed in the late 1980s to revive the Bugatti marque. It is understood to be paying about £30m to buy Group Lotus from General Motors of the US.

Bugatti International's main operating company is Bugatti Automobili, which started production in Italy last year of a L550m (£230,000 pre-tax) supercar, the EB110, the first Bugatti to be made since the early 1950s.

Group Lotus, which was acquired by GM in 1986 for £22.7m, has run up heavy losses in recent years, and the US carmaker has been searching for a buyer for several months following the breakdown of talks on a management buy-out.

Group Lotus, founded by Colin Chapman, one of the most creative designers of racing cars, suffered its biggest setback last year when it was forced by rapidly mounting losses to end production of its Elan sports car less than two-and-a-half years after launch. The Elan cost Lotus a write-off of £24.4m.

The company acquired by Bugatti has no connection with Team Lotus, the Formula One motor racing operation.

Bugatti is taking over the entire Group Lotus business, including its engineering, consulting and car production

Struggling Group Lotus finds Italian saviour ....Page 4

operations based at Hethel, near Norwich, as well as Lotus assets in the US, where it sells through a 59-strong dealer network.

The Italian carmaker said Lotus and Bugatti would remain separate companies but would pool their resources in development and marketing.

Mr Romano Artioli, president of Bugatti Automobili, said Lotus engineering would be used to accelerate the development of Bugatti's planned EB112 sports saloon due for launch in 1995.

The Lotus name is expected to be used for branding other products. The Bugatti name is currently exploited on items ranging from champagne to table ware and men's clothing.

CONTENTS

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Germans back-track on US-EC farm deal doubts

Bonn plays down Kohl's about-face

By John Ridding in Paris, David Gardner in Brussels, Ariane Genillard in Bonn and Nancy Dunne in Washington

GERMAN officials spent yesterday back-tracking on Chancellor Helmut Kohl's apparent endorsement this week of French demands that a hard-fought US-EC farm trade agreement finalised late last year should be renegotiated.

But French officials welcomed what they described as a turning point in Germany's stance on agricultural exports. They said it could end France's isolation in international trade negotiations.

Both governments confirmed that talks would be held between senior trade officials early next week in Paris aimed at finding a common position on farm trade exports.

In Washington, trade officials found it hard to believe the German government had genuinely shifted its position. Mr Dean Kleckner, president of the American Farm Bureau, commented: "If this is really true, it could mean the end of the Gatt talks. But there is apparently disagreement about what he [Mr Kohl] meant."

Mr Kohl put a cat among the pigeons on Thursday when he said, after meeting French prime minister Edouard Balladur that, like France, Germany had "problems with the agricultural part of negotiations, with the Blair House agreement", and needed to "find a compromise acceptable for everyone".

France, under pressure from a powerful agricultural lobby, has strongly opposed last year's EC-US Blair House agreement aimed at paving the way for a successful conclusion to the Uruguay Round of international trade talks.

French officials said they were convinced that Germany was prepared to reopen negotiations on the agreement to avert a European crisis on the issue. "It is a significant shift," said one official.

But Mr Norbert Schäfer, the German government spokesman, insisted Germany was not calling for formal renegotiation of the Blair House agreement. Officials in the chancellor's office said the coming talks would bring clarity on demands made on the French side.

However, senior officials in the Bonn Agriculture Ministry reiterated Mr Kohl's words that Germany had a few problems with the Blair House agreement. They said the German government would not oppose renegotiations between the European Commission in Europe and the US on some specific issues. However, the whole agreement was not put into question, they said.

The European Commission, which negotiated the Blair House deal on behalf of the EC, had no official response to Mr Kohl's remarks. But nor, unofficially, was Brussels prepared to interpret them as a real shift in Germany's position.

France's principal objection is to the agreement's provision for a 21 per cent cut in subsidised food exports over six years, which it says will cripple its lucrative cereals trade.

Mr Kohl last October backed French calls for a strong "rebalancing" clause in any farm trade agreement – meaning restraints on US cereals substitutes equal to cuts in EC cereals subsidies and exports. Yet it is difficult for Bonn to pursue this now, since its proposed alternative draft was inserted verbatim into the Blair House deal.

World Bank approves greater transparency

By George Graham in Washington

WORLD Bank executive directors have approved a new information policy that will make many more of its documents available to the public.

Project appraisal reports, summaries of internal evaluations, country economic reports and sectoral policy papers will in most cases be published, usually only with the consent of the country involved and after the bank's board has acted on them.

Critics of the Washington-based international development bank, especially environmental groups which have long criticised it for financing projects such as dams and power stations in the developing world, still have vigorous complaints about the new policy, especially as it steps back in some regards from a draft circulated a few weeks earlier. "It's totally inadequate," said Ms Lori Udall, of the Environmental Defence Fund.

Bank officials insist, however, that the policy is a genuine attempt to achieve greater transparency. A senior official said: "We are doing more than any international organisation has ever done to open up. We asked the question, not what can we get away with, but what should be properly do."

Many environmentalists agree that it will, in fact, take transparency a step further. "It is clearly better than nothing," acknowledged one persistent critic.

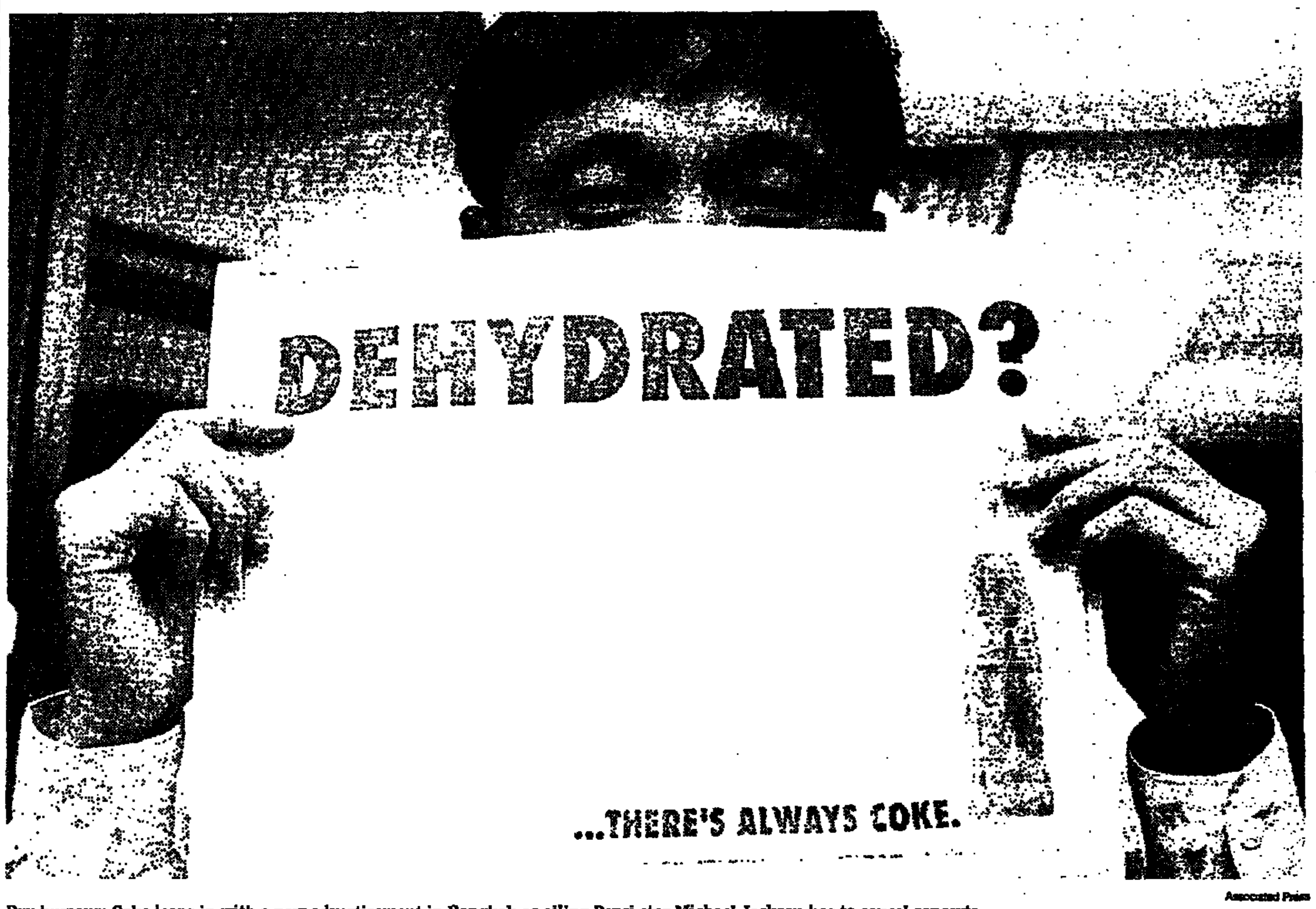
Intentionally and unintentionally, the World Bank is already far less secretive than the International Monetary Fund, its sister institution; even supposedly confidential documents circulate widely in Washington.

One significant step in the new policy is the creation of a public information centre, to open next January, which will greatly ease public access in the borrowing countries, where information is most scarce.

Critics of the new policy say too many documents will only be published after the bank has taken its decision, too late for the public to influence the debate.

Environmentalists are particularly harsh about the Project Information Document, a new summary intended to give early information on loans the Bank is considering. A sample PID circulated this month did not even disclose where the shrimp fisheries it discussed were to be located, although this was rectified in an embarrassed addendum last week.

It will not be clear for several weeks whether the new policy will go far enough to forestall the US Congress's threat to withhold approval for some of the US's $3.75bn (£2.5bn) contribution to the International Development Association, the World Bank unit which makes low-interest loans to the poorest countries.



Associated Press

Dry humour: Coke leaps in with a new advertisement in Bangkok as ailing Pepsi star Michael Jackson has to cancel concerts

Dangerous times for Pepsi and Jackson

By Victor Mallet in Bangkok and Karen Zagor in New York

THE pop star Michael Jackson has intensified south-east Asia's cola wars and raised doubts that he will be able to hang on to his lucrative contract with Pepsi-Cola, which is sponsoring his world tour.

Pepsi says its sales in Thailand have risen 16 per cent following two months of promotions associated with the singer-dancer's visit to Bangkok this week. Pepsi has a slight edge over Coca-Cola in the $500m (£338m) Thai soft drinks market.

But Pepsi executives were left biting their nails when US police launched an investigation into child abuse allegations against Mr Jackson, which his lawyers denied.

Mr Jackson finally gave his second concert in Thailand to great acclaim yesterday after two postponements, which had infuriated fans. His doctor said he was dehydrated after his first – and typically energetic – concert on Tuesday in Bangkok's sweltering heat.

Coca-Cola pounced, hurriedly buying space in the English-language newspapers favoured by Thai yuppies. "Dehydrated?" the advertisements asked yesterday. "...There's always Coke."

Pepsi, whose Thai office switchboards play Michael Jackson hits to callers on hold, yesterday put a brave face on the dehydration saga. "When you're number two, I guess you to try to do everything," said Mr Tony Illsley, president of Pepsi-Cola International in the Asia-Pacific region.

However, a Pepsi spokesman in the US yesterday issued a more ominous statement: "Because of the seriousness of the allegations and all the sensitivities involved, we're proceeding responsibly. We are following the investigation closely and our plans will depend on how it evolves."

Jackson's Pepsi advertisements of the early 1980s are considered the most successful soft drink commercials ever made.

The bad publicity will also further depress executives at Sony, disappointed with sales of Jackson's latest album, Dangerous, which was released as part of the estimated $65m contract he signed with the Japanese entertainment and electronics group in 1991. US sales have fallen short of expectations.

US advertisers tend to shy away from scandal. Pepsi dropped its "Like a Prayer" commercials in the US after Madonna, the singer, created a furore with the video of the song of the same name. Similarly, the Florida Orange Citrus Commission decided to pull its advertisements featuring Burt Reynolds after the film star filed for divorce, and Earvin "Magic" Johnson lost his Converse athletic shoes spot and other endorsements after he announced he had been infected with the virus that causes Aids.

Izetbegovic calls for rejection of peace plan

By Gillian Tett in London, Laura Silber in Belgrade and agencies

BOSNIAN President Alija Izetbegovic yesterday told his war-time assembly that the Geneva peace plan should be rejected in its current form but left the door open for a settlement by adding that the proposal could serve as a basis for further negotiations.

The announcement came as Bosnian Serb leaders sought to persuade their own assembly to accept the peace plan, ahead of a resumption of the peace talks, scheduled to start in Geneva on Monday.

As members of the Moslem-led Bosnian parliament, army and community gathered in Sarajevo's shell-scarred Holiday Inn, Mr Izetbegovic said he wished to continue the Geneva talks, but he reiterated opposition to the plan's failure to reverse "ethnic cleansing".

Mr Izetbegovic, a Moslem, insisted that his land-locked republic must receive access to Neum, a fishing village on the Adriatic coast currently under Croat control, adding that his government would also need strong guarantees of international support before fully endorsing the plan.

The map, put forward last week by international mediators Lord Owen and Thorvald Stoltenberg, gives the Serbs much of eastern Bosnia, which was mostly Moslem before the war, leaving the government control over three enclaves proclaimed UN "safe areas".

The Bosnian assembly announced it would postpone its vote until today, apparently waiting for the results of the Serb "parliament" meeting just 10 miles away in Pale, the Serb mountain stronghold.

In an aim to push the plan through their assembly, Bosnian Serb leaders held their second day of closed meetings. They were expected to respond with a provisional "yes".

Bosnian Croat deputies are due to cast their vote today after meetings in Grude, western Hercegovina, which borders Croatia.

A United Nations aid convoy to the besieged southern Bosnian town of Mostar remained trapped for a second day yesterday, after Moslem demonstrators refused to let the convoy leave the city. The Moslems, who had been trapped in the eastern sections of the city for more than two months by fierce fighting between the Moslem-led Bosnian army and Croat forces, said they feared that if the UN left the Croats would launch a new assault on the town.

Meanwhile, in a bid to keep pace with astronomical inflation, the National Bank of Yugoslavia yesterday issued a Dinar 1bn banknote – worth a mere US$3 at the current exchange rate of 330m dinars to the dollar.

● Mr Sali Berisha, the president of Albania, yesterday condemned recent killings along the border of Albania and Macedonia and called on Macedonia to protect the rights of the ethnic Albanian minorities living there.

Spain to open up airport services

By Tom Burns in Madrid

SPAIN has countered accusations by leading airlines of monopoly practices at its national airports by telling the European Commission it will deregulate the ground-handling services that lie at the centre of the controversy.

Aena, the Madrid-based airport authority, said yesterday it had told the EC Directorate-General for Competition of a programme, to start next year, that will loosen the current control that the state-owned airline Iberia exercises over passenger, ramp and cargo handling at domestic airports.

In a parallel letter to the EC, Iberia rejected allegations of "abusive behaviour" in its provision of ground services. A group of European airlines, including British Airways, KLM and SAS, had earlier complained to the Commission that Spain's national carrier levied excessively high tariffs, discriminated in favour of domestic airlines, discouraged other airlines from self-handling and provided inadequate services.

The complaints of high handling costs, also levelled against Milan and Frankfurt airports, come against a background of unprecedented losses among European carriers in the wake of the EC's "open skies" policies.

Aena has informed the EC that it will appoint second ground handling agents at the airports of Las Palmas and Tenerife in the Canary Islands next year, and at Madrid's international airport as soon as new cargo facilities there are completed. The national airport authority added that additional agents would be appointed by 1997 at all domestic airports handling more than 1m passengers a year.

This programme is designed to meet any future proposals on the deregulation of ground services that, following the complaints, might now now be discussed by the Competition Directorate-General. The new handling concessions will be open to other EC companies.

Rejecting the complaints made by fellow European carriers, Iberia said the existing tariff structure for ground services at domestic airports was laid down by Aena and it was the airport authority, not Iberia, which authorised other airlines to provide their own handling services.

The Spanish airline claimed the tariffs were cost-justified and did not imply excessive profits. Iberia said the complaints of a deficient service were based on events in 1991 when the airline suffered a series of big industrial disputes and when an overhaul of Spain's air traffic control network further disrupted normal business at the national airports.

Warsaw devalues zloty 8%

POLAND has devalued the zloty by 8 per cent against a basket of currencies of trading partners, in an attempt to boost exports. This represents a 7.5 per cent devaluation against the dollar and 8.5 per cent against the D-Mark, Christopher Bobinski reports from Warsaw.

The move comes as convertible currency reserves held by the central bank have slipped from $4.3bn at the beginning of the year to $3.5bn (£2.4bn) at present, as the trade deficit in the first six months of the year has grown to $1.1bn.

The monthly "crawling peg" devaluation rate first introduced in October 1991 is also to be reduced from a monthly 1.8 per cent to 1.6 per cent.

Poland's last big devaluation was in February 1992.

Italy to accelerate public works spending

By Haig Simonian in Milan

THE ITALIAN government is to accelerate about L10,000bn (£4.22bn) of spending on public works to create jobs and limit rising unemployment because of the recession. More than a third of the investments will go to the depressed south, where unemployment exceeds 21 per cent.

Although the spending has been welcomed, it largely represents money which has already been allocated in existing budget plans.

With fears of at least 200,000 more job losses by the end of the year, which would take average unemployment to more than 12 per cent, some economists fear that the latest steps may not be enough to fight the recession.

Most of the money will go on transport infrastructure and new buildings. About L5,000bn (£2.1bn) a year will be invested in improving rail services in 1993 and 1994, while ministers hope work on the new high-speed train project can begin by December.

Construction for the network, which will eventually link Italy's biggest cities, will begin with the Rome-Naples stretch to provide jobs in a region of high unemployment.

The 1993 budget already allows for L2,750bn of spending on the new rail system, while a further L2,500bn has been allocated for 1994.

In all, the six-year scheme, which will cost almost L24,000bn, is expected to create about 50,000 jobs.

Meanwhile, L7,500bn has been allocated to improve and update the motorway network over the next five years. The bulk will go on a new highway to take pressure off the overcrowded stretch between Florence and Bologna. The projects should create about 14,000 jobs.

Ministers said they also planned further spending to modernise the city centres and restore buildings in Genoa, Naples and Venice, three unemployment blackspots.

Court freezes assets of former Ferruzzi officers

By Haig Simonian

THE rift caused by Italy's Ferruzzi financial scandal deepened yesterday after a Milan court confirmed a temporary freeze on up to L500bn (£211m) in assets each against five former executives, and against the heirs of Mr Raul Gardini, the group's former boss, who killed himself last month.

The group's new management, imposed by creditor banks earlier this year, may try to extend the legal action against other former managers if shareholders in Ferruzzi's Montedison industrial subsidiary agree at a meeting next Monday.

The case revealed a deepening split within the Ferruzzi family, which controls the Ferruzzi Finanziaria (Ferfin) holding company, and the heirs of Mr Gardini. On Tuesday, Ferfin shareholders will vote on plans to slash the nominal value of shares to L5 from L1,000. It is then proposed the shares be consolidated on the basis of 200 for one to restore the nominal value.

Heineken's bottle recall reaches parts of the Canary Islands

By Ronald van de Krol in Amsterdam

HEINEKEN, the Dutch brewer, yesterday added the Canary Islands to a list of eight export markets where it is recalling beer bottles, but it removed Prince Edward Island in Canada, saying the suspect bottles had not been shipped to Canada.

The brewer announced on Thursday night that it was recalling more than 3m of its famous green beer bottles from a small number of export markets, including Britain, because of fears that a fault in the neck of the bottles could cause small glass chips to fall into the beer.

Other affected countries are Austria, Finland, Hong Kong, Hungary, Israel and Sweden.

Heineken, which exports to 150 countries, said the 3m bottles were part of a 17m batch of potentially flawed 33cl bottles produced by Dutch bottle maker Vereenigde Glasfabrieken, majority-owned by the French food group BSN.

Most of the 17m bottles were stopped before they left the brewery or reached export markets, but Heineken wants the return of 3m bottles, some of which may have already been bought by customers.

Bottles shipped to other markets, including the US, where Heineken is the leading imported beer and is sold in 35cl bottles, were not affected.

The Dutch brewer said it held the bottle maker responsible for the problem and would seek damages to cover the costs of the recall operation.

A Heineken spokeswoman said the extent of the damages claim was not yet known: "Our priority now is warning consumers in the countries to which the beer was shipped."

Heineken said tests showed that the problem of glass slivers could arise in roughly 1 per cent of the bottles produced in the batch of 17m bottles over the past two weeks. If glass slivers were ingested, only 1 to 2 per cent of beer drinkers would develop stomach problems, Heineken said, basing its estimate on medical advice which it had received.

Heineken's shares dropped by 3 per cent when trading began in Amsterdam yesterday but closed slightly higher.

Piqued Russian parliament overturns Yeltsin's budget veto

Fyodorov sacking demanded

By Leyla Boulton in Moscow

THE RUSSIAN parliament yesterday called for the head of President Boris Yeltsin's radical finance minister, Mr Boris Fyodorov, and overturned the Russian leader's veto of its inflationary budget.

A resolution demanding the removal of one of the main architects of Mr Yeltsin's economic reforms was passed in a fit of parliamentary pique after Mr Fyodorov failed to reappear in parliament after the deputies' lunch-break.

"We need to remove Fyodorov and appoint instead a person who really cares about Russia's national interests," said Mr Veniamin Sokolov, the conservative parliamentary leader who tabled the non-binding resolution for his removal.

Earlier, Mr Fyodorov had asked them to drop their alternative budget, which would double, with "catastrophic consequences", the deficit planned by the government to more than 20 per cent of gross domestic product. "History and the people will not forgive us if such a budget is approved," he had told deputies, warning that their free-spending recipes had already failed in neighbouring Ukraine.

Mr Yeltsin has already said he will instruct the government to ignore parliament's budget plans. "Everything will depend on a political decision by the president – whether we follow what they have planned here," Mr Fyodorov said as he left parliament. Although Mr Yeltsin managed to trick deputies into altering the title of the budget law, lawyers in parliament said it was uncertain that this would give him a constitutional right to veto it a second time as a different piece of legislation.

Meanwhile, Mr Alexander Shokhin, the deputy prime minister responsible for foreign economic relations, said Russia was unlikely to meet its October 1 deadline for agreeing a standby agreement with the International Monetary Fund. This in turn could complicate the continuation of a debt rescheduling agreement, which stipulated that such an agreement should be reached without specifying what would happen if it was not.

However, the parliament and president enjoyed a rare meeting of minds after he endorsed parliamentary amendments outlawing "foreign missionary activity" in Russia. The law means that foreign evangelists such as Billy Graham and various religious sects will be unable to advertise, or publicly seek converts, after complaints from the Russian Orthodox Church and others that the population is too vulnerable to material inducements for joining such organisations.

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BAe signs deal with Taiwan for regional jet aircraft venture

Daniel Green in Taipei follows the last minute drama in negotiations to put new life into a loss-making enterprise

BRITISH Aerospace yesterday signed an agreement with Taiwanese officials on the financial structure of a proposed joint venture to build regional jet aircraft.

The deal came on the fifth day of intensive talks between a team led by Mr John Cahill, BAe's chairman, and Taiwanese bankers, politicians and industrialists.

The venture marks a breakthrough for Mr Cahill's strategy to improve BAe's profitability. The RJ series of aircraft that the joint venture will build partly in Taiwan currently loses money for BAe.

The turning point in the tough negotiations came on Wednesday when Mr Cahill and Mr Liang Kuo-shu, chairman of Taiwan's state owned Chiao Tung Bank, initialled a draft financial structure for the venture, called Avro International Aerospace. They then sent that draft on its tortuous journey through a series of politicians and bank officials who needed to give their approval.

The final stage, a nod from Mr Lien Chan, Taiwan's prime minister, came yesterday. The agreement was signed by Mr Cahill, Mr Liang and Mr Hou Chun-hsiung, chairman of Taiwan Aerospace Corporation (TAC), BAe' s manufacturing partner in the venture.

It marked the end of a tough week for both sides. Taiwan's top bankers and politicians – professions which sometimes overlap in Taiwan – had just emerged from a turbulent congress of the ruling party, the Kuomintang. Mr Cahill and Mr Charles Masefield, president of BAe's Regional Jet division, had cut short summer holidays at the weekend to fly in from the US and Europe respectively.

A hectic series of meetings began at 7am on Monday morning. For the next two-and-a-half days, BAe's five-strong team visited lawyers, bankers, politicians and industrialists in their offices dotted about Taipei.

The talks were essentially over fears within the Taiwanese banking consortium planning to lend money to Avro that the venture was too risky.

These fears were based on the knowledge that the RJ series of aircraft that Avro would build partly in Taiwan had lost money for BAe.

There were also concerns that an associated aircraft leasing company would suffer a repeat of troubles experienced by western aircraft leasing companies such as GPA.

However, the agreement involves an effective Taiwan government guarantee of loans to Avro. BAe also agreed that the leasing facility of substantially more than $250m would only be tapped when firm orders for the aircraft came in.

There was little inkling last January when the original contract was signed that there lay ahead a gruelling struggle to convince Taiwanese banks to lend to Avro. It was almost three months after the January signing of the contracts that problems began to emerge. Mr Hou of TAC fell seriously ill and was unable to work for more than three months.

US-educated Mr Denny Ko, TAC'S president, was left in control of the company. But he had come from a US corporate environment, having worked for Los Angeles aerospace company TRW and run his own company in California. By his own admission, he found the transition more difficult than he had expected.

Relations between TAC and the consortium of banks slated to lend money to Avro began to deteriorate. By midsummer, the government stepped in to save the deal from collapse.

At the end of July in an attempt to improve the banks' confidence in the deal, the government officially backed Avro. But it was not enough and talks between middle-ranking UK and Taiwanese negotiating teams in Taiwan stalled.

This triggered a series of exchanges between Mr Cahill and senior Taiwanese politicians that culminated last weekend in the arrival from various continents of BAe's top management. In spite of yesterday's signing, compromises have yet to be worked out on some of the non-financial conditions.

These differences, and the incorporation of the Chaio Tung Bank into existing contractual arrangements between BAe and TAC, are to be completed at meetings in London on September 6.

After that, the way should be clear for Taiwan to begin working on RJs in the spring of 1994.

At BAe it is a lifeline for the RJ programme, which began life in the late 1970s as the BAe 146. Its early days were dogged with technical difficulties and the company struggled to improve the reliability of the aircraft.

By 1991, reliability had reached international standards, but competition from the likes of Dutch company Fokker, and a growing recession, didn't help sales.

At the start of 1992, therefore, BAe decided to seek international partners, hitting almost by accident on Taiwan just as a proposed joint venture between Taiwan and US aircraft manufacturer McDonnell Douglas began to founder.

Mr Cahill made his first visit to Taiwan in May 1992. In January 1993, he and Mr Ko signed a manufacturing agreement in London, but it was only yesterday that the financial structure of Avro was resolved.

For Taiwan, the offer from BAe came at an opportune time. Some of the difficulties with the McDonnell Douglas proposals did not apply with BAe: Its aircraft were proven designs, the investment would be in the hundreds of millions of dollars, rather than billions, and there was a larger potential market among domestic carriers flying short trips across Taiwan's rugged countryside.

And as one leading Taiwanese lawyer put it this week: "Two failed attempts to set up an aerospace joint venture looks bad."

China jails star village official

By Tony Walker in Beijing

CHINA has jailed one of its best-known businessmen for 20 years for obstructing justice. Mr Yu Zuomin, former chairman of the board of an entrepreneurial village near Tianjin, had been held up as a national model of the new breed of Chinese entrepreneurs until he fell from grace.

Mr Yu's sentence coincided with the passing of death sentences in Beijing against four officials, including one from the Bank of China, for corruption.

China launched a drive this week to root out corrupt officials whose activities had been fuelled by the economic boom. The execution of several hapless individuals had been expected. Chinese describe this process as "killing a chicken to frighten a monkey," meaning that lesser officials are being dealt with severely as an example to more senior cadres.

Corruption has become a pervasive force in China, reaching high into the ruling Communist party. Top officials and their families are engaged in business activities from dealing in cars to speculating in real estate.

Mr Yu of Daqiu village near Tianjin, which had become something of a national entrepreneurial shrine, was found guilty of harbouring criminals, obstructing justice, bribery, unlawful detention and unlawful control of people.

Mr Yu's arrest followed the beating to death of a worker in his village, and his attempts to cover up the crime. His sentencing is certain to capture attention throughout China since Mr Yu had been hailed by party bosses for his money-making skills and elevated to the national parliament. He coined the slogan: "Only by looking money-ward can you look forward."

● Beijing yesterday threatened to reconsider its commitment to a key international missile control agreement in a furious protest against a US ban on the export of high-technology items to China.

Mr Stapleton Roy, the US ambassador in Beijing, was summoned to the foreign ministry, to be told of Chinese anger over the US action which followed accusations that Beijing was exporting missile components to Pakistan.

Mr Liu Huaqiu, China's vice foreign minister, told Mr Roy the US sanctions "puts Sino-US relations in serious jeopardy".

Nigeria's oil workers to strike

Challenge to legitimacy of new government

By Leslie Crawford in Lagos and Michael Holman in London

NIGERIA'S political crisis deepened yesterday as oil workers prepared to strike and the winner of the annulled presidential election promised to form a rival government.

Oil workers are challenging the legitimacy of the country's military-installed government with an indefinite strike starting today that could seriously disrupt the vital petroleum industry, which accounts for more than 90 per cent of export earnings.

Nupeng, the oil workers' union, called the strike to demand a democratically elected government based on the June 12 presidential election, annulled by Gen Ibrahim Babangida, the military leader who quit office on Thursday.

The unofficial winner of the election, Chief Moshood Abiola, yesterday dismissed the appointment of an interim government headed by Mr Ernest Shonekan as "a non-event", and said the new council "represents nobody but Ibrahim Babangida and a small clique".

"By the end of next week I will be in Lagos," he said in London. "It will be a real government I will form."

Mr Clement Akpamgbo, justice minister in the interim council installed on Thursday, said such a move would be treated as "insurrection".

However,the pressing concern in Lagos yesterday was the impending strike. Oil executives said it could close refineries and disrupt distribution to petrol stations. But they said essential services, including the production of crude and loading tankers, could be maintained by supervisors.

The strike was expected to exacerbate the severe fuel shortage that has brought Lagos and southern Nigeria, the country's economic heartland, to a virtual standstill.

Lagos was deserted yesterday on the third day of a stay-at-home protest organised by pro-democracy activists. But in the north, Nigerians seemed more inclined to accept the new administration.

Secrecy still surrounds the mandate of the new government, which was hastily put together by Gen Babangida when a bid to extend his strongman rule was blocked by fellow officers.

Nigerians have not yet been told how long this "interim national government" will remain in office. In a country propelled by rumours, speculation is that Chief Shonekan will call fresh elections within nine months.

Gen Babangida appears to have overlooked the naming of a new head of state – a post he was presumably keeping for himself. The post of commander-in-chief of the armed forces is also vacant following Gen Babangida's forced retirement on Thursday.

Chief Shonekan's 32-member cabinet, including representatives from each of Nigeria's 30 states, was sworn in yesterday.

Nigerians in the Moslem north, which has traditionally held the reins of political power, appeared satisfied with the new regime.

In Lagos, however, several businessmen were scathing about the calibre of Chief Shonekan's team and doubted his ability to reverse Nigeria's economic decline.

Colin Beere

Chief Abiola in London yesterday where he promised to form a rival government in Lagos

Shamir speaks out amid hope of deal with PLO

By Julian Ozanne in Jerusalem

MR Yitzhak Shamir, Israel's former right-wing prime minister, yesterday accused the government of rushing to give away land to Palestinians and demanded elections, in a bid to dampen recent excitement about an imminent peace deal.

Mr Shamir was reacting to statements by Mr Shimon Peres, Israel's foreign minister, and senior officials of the Palestine Liberation Organisation that the two sides were close to a self-rule deal which would be agreed at next week's peace talks in Washington.

Mr Shamir said the issue was too important to be left to the government alone in a country divided over the peace process. "If someone wants to decide on changing borders he has to go to the people," he said.

Leading Israeli newspapers said yesterday that Mr Peres had met senior PLO officials during a recent visit to Scandinavia to hammer out the plan for self-rule in the Israeli-occupied territories.

Since his return Mr Peres has been making upbeat statements saying Israel is prepared to withdraw troops from the occupied Gaza Strip and the West Bank town of Jericho – a scheme dubbed Gaza-Jericho First – as part of a comprehensive peace agreement with Palestinians.

His optimism has been shared by several PLO officials. On Thursday Mr Saleh Ra'afat, a PLO central council member, said Israel and the PLO had finalised a provisional accord on partial Palestinian control in the occupied territories after secret high-level contacts. Mr Ra'afat said the agreement centres on the Gaza-Jericho First plan combined with an interim phase of self-rule throughout the rest of the territories.

However, political analysts believe the optimism may be misplaced. The Gaza-Jericho idea is understood differently by both sides and has caused a major revolt inside the PLO by hardliners who are against making any concessions to Israel that would leave any part of the occupied-territories under Israeli control, even during an interim phase.

Mr Yassir Arafat, PLO chairman, was yesterday holding emergency talks in Tunis aimed at diffusing the revolt, also driven by criticism about his leadership style and the PLO's financial crisis.

In addition neither side has so far outlined any breakthrough in the fundamental obstacle in the peace talks – who should control occupied Arab East Jerusalem and the Israeli settlements in the territories during an interim phase of self-rule.

Docile candidates fail to fire Singapore's voters

By Kieran Cooke in Singapore

AFTER a campaign remarkable only for its lack of political vigour, Singapore goes to the polls today to elect a president.

Mr Ong Teng Cheong, a leading light in the governing People's Action Party (PAP), who resigned as deputy prime minister to run for president, is favourite to become Singapore's first elected president. Mr Ong is opposed by Mr Chua Kim Yeow, a former banker and senior government official.

Two critics of the government were declared ineligible to stand for president under a law which, in effect, rules out all but senior members of Singapore's establishment.

Both Mr Ong and Mr Chua have led low-key campaigns which have generated little excitement. In a final televised election address, Mr Ong rejected criticism that he would be a tool of the PAP as president. "Some people still ask if my long association with the PAP will stop me from acting independently," said Mr Ong. "The answer is No. My loyalty, first and foremost, is to the people of Singapore."

Mr Chua has shyly admitted that he was pressured into standing for president because the government wanted a contest. But Mr Chua did cause a small political spark in his election address by saying that the absence of an effective opposition in Singapore was worrying many people.

"The PAP dominates the government and the legislature," said Mr Chua. "Do you want the PAP to dominate the presidency as well?"

Singapore's new president will have some executive powers, including a veto on government spending of the country's US$46bn reserves.

Japan negotiates plan to lift flagging economy

By William Dawkins in Tokyo

JAPAN'S ruling coalition yesterday opened what is set to be painful internal bargaining over a plan to lift the flagging economy, due to be tabled in mid-September.

Government departments have proposed more than 70 deregulation measures, although details are still confidential, said ministers after a cabinet meeting.

The Japan Research Institute, a private body, estimated that more than 1m new jobs and over Y10 trillion (£64bn) worth of demand could be created by curbing government regulations on industry. However, the outcome depends on the details of the proposals and how many of them survive the intense inter-ministerial bargaining.

An indication of the difficulties ahead came when Mr Hirohisa Fujii, the finance minister, yesterday quashed speculation that the government would cut income tax to try to stimulate consumer spending.

Mr Morihiro Hosokawa, the prime minister, wants tax reductions, yet the powerful bureaucrats of the finance ministry administration oppose cuts. Mr Fujii himself used to be a finance ministry bureaucrat as director general of the powerful budget bureau.

One controversial draft proposal made public yesterday is to ease the present 2,000 kilolitre per year minimum production allowed for Japanese brewers. If made law, this would break the 30-year four company oligopoly of Kirin, Asahi, Sapporo and Suntory – the only brewers big enough to qualify – and is likely to run into fierce opposition from them.

Mr Ishida will hold an emergency meeting with ministerial colleagues responsible for the economy next Tuesday before starting negotiations with the ministries involved.

Further evidence of Japan's deepening economic gloom came yesterday from the latest jobless figures, showing there were only 72 job offers for every 100 applicants last month – the lowest for six years – down from 74 in June. However, the unemployment rate remains unchanged at a seasonally adjusted 2.5 per cent.

Consumer spending remains sluggish, as big retailers yesterday said sales fell 5 per cent last month from the same period last year, the 14th consecutive monthly drop. These figures add weight to fears that the recovery might be further away than some government economists had expected and will increase already heavy pressure on the coalition to find a way to improve consumer confidence.

Chrysler is to stop buying pick-up trucks from Mitsubishi, ending a 15-year arrangement, writes Michiyo Nakamoto in Tokyo.

The US company's move reflects the growing pressure the strong yen is putting on the competitiveness of Japanese motor exports. Mitsubishi had been expected to raise its prices soon.

Last month Chrysler sold its remaining 2.9 per cent stake in the Japanese company. In July, Chrysler sold its sale of its fAt its peak in 1986, Mitsubishi supplied Chrysler with 78,000 pick-ups. Sales, however, have declined and last year amounted to only 5,300 units.

Minister cleared of corruption

By Kieran Cooke in Singapore

MALAYSIA'S official anti-corruption agency has cleared Mr S Samy Vellu, Malaysia's energy minister and head of the Malaysian Indian Congress (MIC) political party, of any criminal offence in relation to a share transaction nearly three years ago.

The Malaysian opposition had accused Mr Samy Vellu of "hijacking" millions of shares in Telekom Malaysia when the telecommunications company was partially privatised in October 1990.

The shares had originally been allocated by the government to the MIC and Malaysia's Indian community.

The anti-corruption agency said it was satisfied that neither Mr Samy Vellu nor anyone else had unlawfuly utilised the Telekom shares and declared the case closed.

British Coal fails to find takers for four pits

By Michael Smith

HOPES FOR saving four pits no longer required by British Coal finally ended yesterday when it emerged that an invitation to private-sector operators to mine them had produced no takers.

The disclosure will disappoint the government which is already struggling to find a way of providing a future for another 30 mines still operated by British Coal.

Further closures among the 30, which include 11 reprieved by the government in March, are considered inevitable by British Coal following a steeper-than-expected decline in the coal market.

With a strong political reaction to future closures likely, ministers want the private sector to take over as many as possible of the 19 pits already declared surplus to requirements by British Coal.

British Coal has been advertising the 19 pits in tranches of four and five. In the latest tranche – the third – private-sector companies were offered five pits. Just one, Trentham, near Stoke-on-Trent, is the subject of a bid that involves mining.

The bidder's identity was not disclosed by British Coal yesterday but it is thought to be Mr Malcolm Edwards, the corporation's former marketing director.

Trentham and Vane Tempest in County Durham, another of the five in the tranche, together attracted four bids. However, three involve proposed activities on the colliery surfaces.

The other three pits in the third tranche, Grimethorpe and Houghton Main, in South Yorkshire, and Westoe, in Tyne and Wear, attracted no offers for the final stage of the process in which bidders had to provide a £50,000 bond.

British Coal is likely to move quickly to seal the four pits which are no longer wanted as mines, although local union officials will have to be consulted.

Together the four employed more than 3,500 miners when they stopped coaling.

British Coal has now closed the bidding deadline for 14 of the 19 pits it no longer wants to mine. It has received 17 tenders in all for 10 of them but four pits have attracted no interest – the three disclosed yesterday together with Bolsover in Derbyshire.

In addition three pits – Cotgrave and Silverhill, in Nottinghamshire, and Vane Tempest – are the subject of bids that involve use of surface assets only.

Another five mines have still to go out to tender. These are Shirebrook in Nottinghamshire, Taff Merthyr in Glamorgan, Coventry near Coventry city, Parkside in Merseyside, and Sharlston in Yorkshire. Coal analysts believe it is unlikely that mining will be resumed at more than six of 19 pits which have been closed by British Coal.

● British Coal yesterday closed its north-east headquarters – with just two working pits left in the region which once employed 150,000 miners at more than 100 pits, the centre at Sunderland employing 45 people was considered unnecessary. The corporation will administer its north-east operations from Nottingham.

In-house bid advice for civil servants

By Alison Smith

CIVIL SERVANTS have been given advice on how to improve their chances of keeping their jobs when government departments face competition from the private sector.

Detailed advice on how to prepare an in-house bid has been included in the revised guidance on the market-testing programme, which was published yesterday by the Office of Public Service and Science.

The new guidelines reflect experience since last autumn, when Mr William Waldegrave, the public services minister, announced a programme to test whether some £1.5bn of government activities would be performed more efficiently by officials or by the private sector.

Officials in Mr Waldegrave's department admit privately that not all departments will meet the market-testing targets set for the end of September, but say that delays arise merely from the necessary procedures rather than a lack of enthusiasm. They emphasise that departments which fail to achieve the targets by the deadline will be expected to meet them in the following months. This is in addition to proceeding with the next tranche of the programme which starts in October and is intended to cover a further £1bn to £2bn of government activities.

Earlier this summer Mr Waldegrave had to call on Mr John Major, the prime minister, to put pressure on departments that were falling behind in the programme.

The guidance was revised after discussions with departments and Civil Service unions, and also takes account of private-sector suggestions.

It does not include a revision of advice to departments on the impact of regulations designed to protect the rights of workers in takeovers and mergers. This will be updated as case law develops.

The application of the Transfer of Undertakings (Protection of Employment) regulations, which guarantee the jobs and pay of existing workers in many cases when work is contracted out, has caused some confusion in Whitehall.

The Government's Guide to Market Testing. HMSO. £8.95.

Struggling Group Lotus finds Italian saviour

By Kevin Done,
Motor Industry Correspondent

THE TAKEOVER of Group Lotus by Bugatti brings togther unlikely bedfellows.

Ettore Bugatti, the Italian creator of some of the world's most beautiful classic cars, died in 1947, and his car factory in France had already ceased production by the early 1950s in the aftermath of the war.

In the UK Colin Chapman, one of the most creative and successful designers of racing cars only started up in the early 1950s.

His company has had a chequered history and never achieved a financial strength to match its success on the grand prix racing circuits.

Group Lotus struggled to survive both before and after Chapman's death in 1982. It has proved to be none too secure in the hands of General Motors since 1986, and last year recorded a a pre-tax loss of £36.6m on a turnover of just £60.98m.

General Motors was forced to put in £18m to repair the battered Lotus balance sheet in 1991, and the reverses convinced the giant carmaker that it had neither the desire nor the management resources to cope with such a small and specialised business.

Group Lotus losses have grown from £2.1m in 1988 to £4.4m in 1989, £12.7m in 1990, £14.7m in 1991 and the record £36.6m last year.

However, in the past 12 months General Motors has been restructuring the business to ready it for disposal.

Entrepreneur Romano Artioli, lifetime lover of Bugatti cars

Following the demise of the Elan sports car, Group Lotus has limited production to just one model, the Esprit luxury sports car, of which it is planning to build 350 this year. The workforce has been cut from 1,717 in 1990 to about 700.

Now the latest saviour has come from Italy in the shape of entrepreneur and life-time Bugatti lover, Mr Romano Artioli, who holds an 18 per cent stake in Bugatti Automobili.

He has recreated the Bugatti marque – supported by unnamed financial backers in the European automotive components industry – both as a maker of exotic and expensive cars and as a designer label for exotic and expensive fashion items, from sunglasses to tableware.

The first car of the new Bugatti company, which was created only in 1987, was the EB110 supercar unveiled early last year with a mid-mounted 550 bhp V12 engine, carbon-fibre chassis and four-wheel drive. Production began in December and 47 have been delivered to date.

Bugatti Automobili is based at Campogalliano near Modena, not far from the homes of Ferrari and Lamborghini.

Mr Artioli was at one time a Ferrari dealer and is now the Suzuki distributor in Italy, but Bugatti has been his passion for 40 years.

His campaign to revive the marque began in 1987 when he negotiated with the French government for the rights to the Bugatti name and badge.

Ettore Bugatti was born in Italy, but the cars that made him famous were produced in Molsheim in the Alsace region of France. After his death in 1947, the factory was taken over by Hispano-Suiza which eventually became part of Aerospatiale, the French state-owned aerospace group.

The Bugatti holding company is registered in Luxembourg and its shareholders remain anonymous.

● National union officials have been called in to try and prevent industrial conflict at Vauxhall motor company after shop stewards representing 9,000 workers rejected a two-year pay offer.

The company said yesterday that it was "disappointed" at the outcome. On Thursday it offered a rise of 2.1 per cent this year and 2.6 per cent next year.

Sugar in move to block Venables

MR ALAN Sugar, chairman of Tottenham Hotspur, has launched a court move to "strike out" a legal attempt by Mr Terry Venables to seize control of the football club.

Mr Sugar says Mr Venables, the club's former chief executive, should be blocked from pursuing his action because he has still not paid the £300,000 "security for costs" demanded by the High Court as a condition of being allowed to continue with the case.

The payment, ordered on July 29, was due by August 19. The deadline was not met and Mr Sugar is to apply on September 13 for a court order striking out the action.

Mr Venables has already made an application for extra time to pay the money – but that plea is not due to be heard until October.

Yesterday Mr Justice Lindsay granted Mr Sugar's lawyers an order for production of official transcripts of the July 29 hearing for use in the strike-out move.

Mr David Mabb, counsel for Mr Sugar, his holding company Amshold and Tottenham Hotspur, said it was "somewhat curious" that Mr Venables' plea for extra time was scheduled for October – well beyond the 21-day extension he was seeking.

Mr Sugar issued the strike-out application after failing to obtain an explanation from Mr Venables' solicitors as to the basis of the plea for more time.

Stores defend credit card interest rates

By Philip Coggan,
Personal Finance Editor

STORE GROUPS offering their own credit cards which were attacked by the Labour party this week for charging allegedly extortionate interest rates claim there are good reasons for charging higher rates than those levied by bank credit cards.

Ms Elizabeth Stanton, director of the Retail Credit Group, which represents large retailers who offer credit, said that the average amount outstanding on store cards, at £163, is far less than the £420 typical of bank credit cards. Stores have to recoup their fixed costs over this smaller sum, she added, which is why store-card rates are higher.

Furthermore, holders of store cards often benefit from special offers – such as discounts on goods – which are not available to holders of other credit cards. Also, those who pay their card accounts in full each month do not pay interest.

Members of the Retail Credit Group report that while sales on credit rose 11.5 per cent year-on-year in the first quarter of 1993, the amount of outstanding balances fell 11 per cent to £1.4bn.

Labour said on Thursday that the average margin over base rate charged on store cards had risen from 18 per cent in 1990 to 21 per cent.

Labour said the most expensive card was operated by Dixons, which charges 34.4 per cent to customers who do not pay their accounts by direct debit.

Store cards represent only a small part of the consumer credit market. The total value of store-card transactions last year was £3.2bn, according to a survey by Datamonitor, a market-research group. This represents only 10 per cent of other credit cards.

Furthermore, a few store groups dominate the market. According to Datamonitor the Marks and Spencer card accounts for almost a third of all consumer store-card expenditure. John Lewis, the Burton Group and the House of Fraser account for another 41 per cent of the market.

Cards are attractive to store groups because they encourage customer loyalty and provide valuable marketing information. A group such as Marks and Spencer, which does not accept other credit cards, will save substantially on the fees it would otherwise have paid to credit-card companies.

Nevertheless, the costs of running a store-card operation caused several retailers in the late 1980s and early 1990s to sell their card operations to outsiders who could run the business more cheaply.

GE Capital, for example, bought the card operation of the Burton group. And retailers have had limited success in selling other financial services to their card-holding customers.

Bottomley warns troubled hospitals to cuts costs

By Richard Donkin

MRS VIRGINIA BOTTOMLEY, the health secretary, yesterday warned two London hospitals to cut costs after they ran into funding difficulties just five months into the financial year.

The Department of Health last night confirmed that four other hospitals in the capital – the Royal London, the Royal Orthopaedic, the Royal Ear Nose and Throat and the Havering – have been asked to cut back on some non-urgent operations.

Mrs Bottomley's warning to University College Hospital – one of the capital's biggest teaching hospitals – and Middlesex Hospital underlined the government's intention to take a firm stand against inner-city hospitals which fail to bring their spending into line with contractual obligations.

UCH and Middlesex Hospital, both part of the UCL Trust, have been forced to stop carrying out routine operations after exceeding targets imposed by Camden and Islington Health Authority.

The hospitals had treated 500 patients too many, putting them 21 per cent over budget by the end of June. Ms Alyson MacRae, the health authority manager, said the hospitals had over-performed on their £26m contract.

She said: "If they were allowed to treat everyone on the waiting list as they wanted to, the contract would be used up, leaving no more funds for the urgent cases. We took this action so that they did not treat too many people on the waiting list too fast." The authority had no contingency or reserve funds for hospitals that exceeded their contracts.

The health authority said it was monitoring non-urgent cases "very closely" at St Bartholomew's Hospital with which it also has a contract. Individual cases were being referred to the authority for approval.

UCH, like many of the large inner-city teaching hospitals, has seen demand for its services dwindle as shire health authorities, which used to refer patients, started to use local hospitals under the contracting system.

A spokesman for UCH and Middlesex Hospital admitted that management might not have faced up to financial pressures quickly enough. He said the hospitals had known that the contract could not cover the expected number of patients based on previous years, but managers had hoped that more money could be made available.

The hospitals now plan to shed between 20 and 30 consultants' posts and up to 40 non-medical staff as part of a cost-cutting exercise designed to save £10m this year, he said.

Mrs Bottomley said that costs of treatment at the hospitals were high compared with The Royal Free or St. Mary's, two other London hospitals. "For every two patients treated at UCH and Middlesex and Bart's more than three could be treated at the other hospitals," she said.

Mr Geoff Martin, campaigns director of London Health Emergency, a pressure group backed by Labour-controlled local authorities, warned that similar cuts could happen elsewhere in London and in other large urban areas.

He said: "We know of other health authorities in London with similar financial problems. We are in a situation where before Christmas we could have a blanket ban on non-emergency operations across the whole of inner London."

Private schools improve A-levels

INDEPENDENT schools improved their A-level performance this year by 2.2 per cent, according to figures from the Independent Schools Information Service, John Authers writes.

Analysis by the Financial Times shows that the strongest results have again come from big-city single-sex day schools. Most of the top 20 schools have shown remarkable consistency over the last six years.

St Paul's School in Barnes, south-west London, finished first. In terms of the points system used to judge A-level results, its average score per pupil was 29.4. A score of 30 would be equivalent to three A grades.

The highest-placed fully co-educational school was Leicester Grammar, at 29th.

Details, Weekend FT Page X

Hain attacks Labour policies

MR PETER HAIN, secretary of the Tribune group of Labour MPs, yesterday claimed that some voters no longer knew what the party stood for, as it had got rid of so many policies since the general election.

The party's main weakness, he said, was its failure to provide a credible economic alternative to the government's policies.

The MPs' comments followed a survey by MORI in yesterday's Times newspaper, showing support for Labour at its lowest level since Mr John Smith became party leader.

At 42 per cent in the poll, however, Labour is still 14 percentage points ahead of the Conservatives.

Scots 'parliament' to be scrapped

SCOTLAND'S parliament-that-never-was, a debating chamber built in Edinburgh in the late 1970s, is to be scrapped, the government said last night.

The Scottish Office said it had "no foreseeable need" for the building beyond next year. It will then be decided whether to sell it or offer it to other government departments.

In recent years the debating chamber has been occasionally used for meetings of the Commons Scottish Grand Committee.

Poster contractor to be privatised

LONDON Transport Advertising (LTA), the capital's largest poster contractor, is to be privatised.

LTA is an internal department of London Transport, which generates £23m a year from the sale of poster space on Underground stations, trains and buses.

LTA is to be established as a subsidiary company within London Transport employing all existing staff of 300. This company will be offered for sale.

Take the money and run

Linford Christie: £30,000 a race | Sally Gunnell: £20,000 | John Regis: £15,000 | Colin Jackson: £10,000 | Tony Jarrett: £10,000 | Liz McColgan: £10,000 | Yvonne Murray: £7,000

Linford Christie, Olympic and world 100 metres champion, is paid about £30,000 per race – a little more for some big European grand prix events – and runs in up to 20 meetings a year. He and American Carl Lewis were recently paid £100,000 each to race at Gateshead. This is almost certainly the biggest appearance fee for an athlete. Christie has a contract worth a basic £80,000 with footwear company Puma. Industry estimates suggest that, including bonuses, this contract will earn him more than £200,000 this year. He also has a £100,000-a-year contract with Lucozade and can command £5,000 for a personal appearance. These are limited, however, by training, racing and commitments to leading sponsors.

Sally Gunnell, Olympic and world 400 metres hurdles champion, has a contract with the Mizuno shoe company worth £220,000 over three years. Her race fee is £20,000 and personal appearance fee is £3,000.

Colin Jackson's race fee is £10,000. But that will rise following his victory and world record in the 110 metres hurdles at the World Championships in Stuttgart. His personal appearance fee is £3,000.

Top athletes compete for medals and sponsorship gold

Following victory at the World Championships, Christie, Gunnell and Jackson look set to break earnings records, **Peter Berlin** writes

BRITISH ATHLETICS goes into its end-of-season meeting at Sheffield tomorrow trying to work out how to build on the successes of last week's World Championships in Stuttgart. There Linford Christie won the 100m in the second-fastest time ever and Colin Jackson, in the 110m hurdles, and Sally Gunnell in the 400m hurdles, both broke world records.

The plan being considered by the British Athletics Federation is to put Britain's top 50 to 75 athletes under contract. The idea is that British athletes will commit themselves to supporting federation events and in return will receive some guaranteed income, medical screening and medical insurance.

Mr David Bedford, honorary secretary of the BAF, said that the principle had been agreed for some time and now the federation was discussing the practicalities of the scheme.

Britain's world champions are in demand at all the big grand prix meetings around Europe. But for many British athletes the eight or nine domestic televised meetings a year controlled by the federation represent the largest chunk of their incomes.

Nevertheless the federation scheme is regarded with scepticism in some quarters. Fatima Whitbread, the former javelin world champion and world record holder, said: "I don't know where they are going to get the money from. All the athletes had a good laugh. Athletes are individuals, most do not want to be tied down."

She said that athletes want to be able to tinker with their competition schedules throughout the season to make sure they peak for the big events, such as the World Championships and the Olympics. These events do not pay appearance money, but provide the prestige which increases earnings.

Whitbread is president of a promotional club, the Chafford Hundred, which she founded with Christie and Jackson to promote athletes. British athletes who wear the logo of Lucozade, the soft drink, are part of the club's multi-year deal with SmithKline Beecham which Whitbread says is worth £1m.

So what is the earnings potential of the UK's top track and field stars?

Christie earns far more than any other British athlete. His earnings leapt after he won the 100m in the Barcelona Olympics last year and he can expect another spurt in his income after his win in Stuttgart.

Even so he is still behind Britain's top soccer players and a long way below the world's best-paid boxers, golfers and tennis and basketball players.

Gunnell is the next highest-paid British athlete and Jackson should reach her level after finally winning a big championship.

Below them is a small group of well-paid runners but the rest of the British team, even some who reached finals in Stuttgart, are struggling to get by.

Gunnell has complained about the disparity between her race fees and Christie's, arguing that she is a world record holder while Christie is not.

One newspaper estimated that the British men's 100m relay team of Christie, Jackson and two individual silver medallists Tony Jarrett and John Regis, which finished second to the US in Stuttgart, is worth £2.3m while the women's 400m team, which Gunnell anchored to a bronze medal, is worth £880,000.

One leading promoter said: "The only one of those who earns anything other than a living wage is Sally and I would be flabbergasted if she earnt that much [close to £800,000]."

Athletes' incomes come chiefly from fees and prize money for races, and sponsorships and endorsements. The biggest sponsors are sportswear companies. Christie has a long association with Puma, the German sportswear manufacturer. Gunnell has a contract with Mizuno, the Japanese company.

But even athletes of this stature are not secure. Last year Jackson, who is also now with Puma, was dropped by Puma's great German rival, Adidas. Paul Magner, sport manager (running) for Adidas UK, said the company decided to concentrate on road running and training shoes because while sprinters such as Jackson offer marketing spin-offs, the market for running spikes is small.

The jewel in Adidas's crown is an athlete who no longer competes: the former decathlon Olympic champion Daley Thompson. Thompson is now a television pundit.

"We got excellent coverage from Daley appearing on the BBC in branded clothing," said Mr Magner.

Among competing athletes the next level is represented by young runners with potential such as Curtis Robb, 21, who finished fourth in the 800m in Stuttgart. After Robb reached the Olympic final last summer he was, said one observer, the subject of a "bidding war".

He ended up with a contract worth £20,000 a year for four years from Nike. Mr Simon Taylor of Nike UK said Robb was also part of Nike's global bonus structure which rewards performances in everything from national championships to Olympic Games.

The real problem is that athletics is a poor draw in the US, the world's biggest market. Earnings pale alongside Nike's contracts with Andre Agassi, the tennis player, and basketball stars such as Michael Jordan and Alonzo Mourning. Jordan's contract is worth an estimated $20m (£13.5m), while Mourning's is put at $16m for five years.

The runners therefore still have a long way to go. But, as Whitbread says: "It does not matter how many gold medals you win, there is only so much money in the pot."

هكذا من الأصل

Customers more likely to shop around as premiums increase

Switch trend hits insurers

By Richard Lapper

CONSUMERS ARE increasingly likely to shop around for cheaper insurance policies in the face of rising premiums, a survey published this week says.

The number of people switching to another insurer almost doubled between September 1991 and March 1993, from 1m to nearly 2m, NOP Corporate & Financial, the market research company says in the survey.

NOP, whose survey is based on interviews with 30,000 people, said sharp increases in premium rates had been the biggest factor.

Rises in premiums for motor and household averaged 20 per cent a year in 1991 and 1992, but many policyholders have faced much greater increases as companies have changed the way they rate risks.

Householders living in areas judged to be prone to subsidence or storm damage have faced increases of more than 100 per cent. Drivers of faster or fashionable cars, which are more likely to be stolen, as well as younger drivers who tend to have more accidents, have been hit by steep increases.

Different insurance companies often rate the same risk in a different way, with correspondingly wide variations in quotes.

A random sample of six risks by SelectDirect, a telephone-based company jointly owned by Rollins Hudig Hall, the insurance broker, and General Accident, the composite insurer, showed variations of more than 100 per cent.

Mr Peter Friend, managing director of SelectDirect, said that the differences reflected the limitations of the data available to insurers. Decisions are often taken on the basis of claims to the insurance company rather than market-wide figures.

Mr Friend added: "Every underwriter believes he is right. The fact is that at the end of the day they all make different decisions because they have all got partial information."

Policyholders who switch their household cover tend to be younger and from the ABC1 social classes, with the C1 group being most likely to switch, the survey says. In the motor insurance market switchers tend to be very young and from the C2DE social classes.

Londoners are most likely to switch their policy in the household markets, while those in the Midlands and Wales are the most likely to change motor insurer. The survey adds that women are more likely to switch household policies, while men are more likely to switch their motor insurance policy.

However, most policyholders are still unlikely to change their cover. The survey shows that 60 per cent of household policyholders and 39 per cent of motor policyholders were unlikely to seek alternative cover.

Ms Heather McAdam, NOP director, said: "There is still an awful lot of inertia in the marketplace."

Even so, the Consumers' Association welcomed news of the trend.

Mr Roger Taylor, a senior researcher, said: "It's excellent news. We have been saying for some time that some insurance companies are charging outrageous premiums and our advice has always been that people should shop around."

THE COST OF INSURANCE

Household risk

Building: Sum insured – £80,000.
Contents £25,000 and all-risks cover of £2,500 for a householder based in Stockport, Cheshire postcode SK08.
Cheapest £329.75 Most expensive £581.00

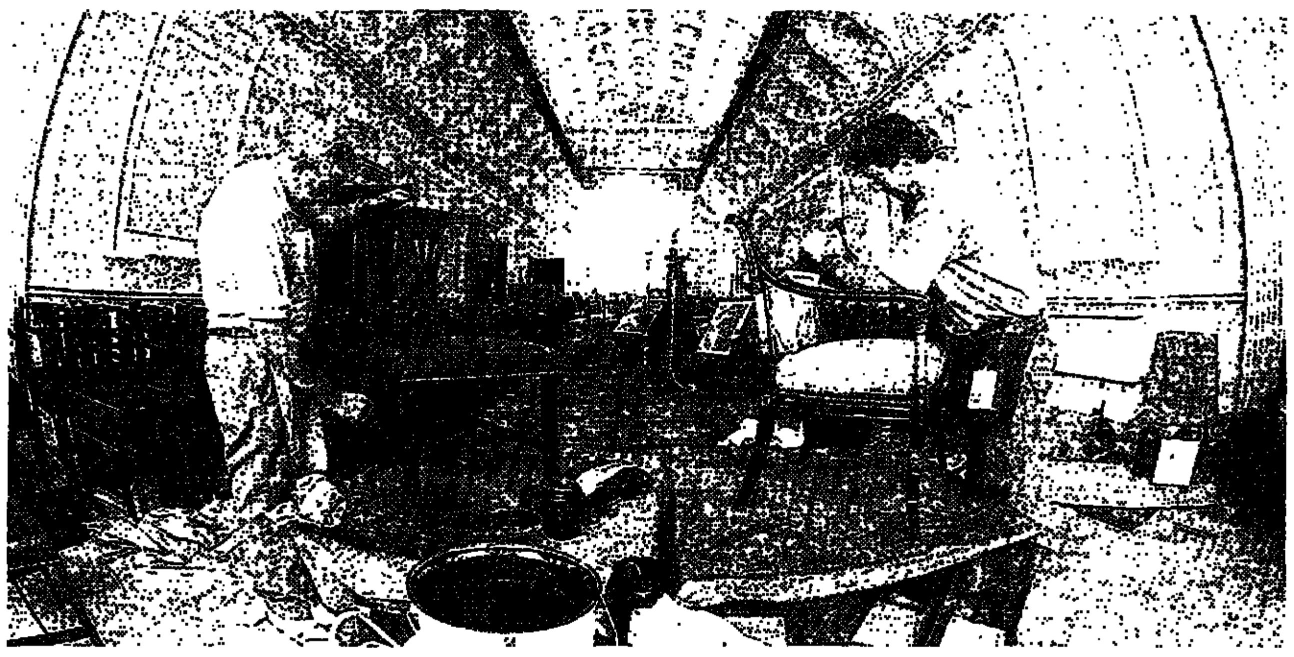
Building: Sum insured £150,000.
Contents £40,000 and all-risks cover of £5,000 for a householder in Farborough, Hampshire GU14
Cheapest £592.69. Most expensive £955.98.

Motor risk (assumes £100 of each claim paid by policyholder)
Volkswagen GTI for a female driver aged 22 with a five-year no-claims bonus based in Brighton, East Sussex postcode BN1
Cheapest £699 (with extra £50 compulsory excess and installation of acceptable security device). Most expensive £1,254 (assumes £75 extra compulsory excess).

Ford Fiesta for a 30-year-old woman with five-year no-claims bonus based at Westcliff-on-Sea, Essex postcode SS0.
Cheapest assuming additional £100 excess – £363.60. Most expensive £809 – again assuming additional £100 excess

Jaguar XJ6 for 40-year-old male driver living in London SW6 with a five-year no-claims bonus, assuming £100 excess.
Cheapest £798.20. Most expensive – assuming additional £75 excess – £1,805.
Vauxhall Cavalier for 23-year-old male in Cardiff CF4 without no-claims bonus.
Cheapest £1,100. including additional £150 excess. Most expensive £2,324 – including an additional £250 excess.

These are the "cheapest" and "most expensive" insurance quotes offered for a six randomly selected sample household and motor risks. Data has been collected by SelectDirect, a broker which is a joint venture between Rollins Hudig Hall and General Accident.



Trevor Humphries

The final touches are made to a two-year, £11.1m refurbishment of Mansion House, the Lord Mayor of London's official home

Mutual assurers 'in survival fight'

By Scheherazade Daneshkhu

TRADITIONAL life offices – the mutual assurance companies owned by their policyholders – will have to fight competition from banks and building societies to survive, a report to be published next week says.

Life Assurance 1993, to be published on Friday by Mintel, the market analysts, says the life assurance market has become overcrowded both with new domestic players, such as the newly established insurance arms of some banks and building societies, and with foreign companies entering the market.

This has led to pacts, such as Halifax's exclusive distribution agreement with Standard Life, as well as foreign buy-outs such as the purchase of Equity & Law by Axa, the French insurance group.

The link-up between life offices and banks and building societies benefits both partners. The life office gains a valuable distribution channel while the banks and building societies earn commission for the sale of life products.

Mr Paul Hersey, Mintel's senior finance analyst, said: "The mutuals are disappearing slowly. The traditional medium-size Scottish offices are coming under attack . . . The traditional composites will also suffer unless they make a firm decision regarding which segment of the market they want to target."

The survey also reports that the independent financial adviser is winning the confidence of clients. People are less prepared to return to their bank manager for further financial advice, it says. In 1991, 34 per cent of those who sought financial advice in the previous 12 months said they would go back to the bank manager, but that declined to 26 per cent this year.

Yet 17 per cent would return to their independent adviser for further advice, compared with 13 per cent in 1991.

Life Assurance 1993. Mintel International Group, 18-19 Long Lane, London EC1A 9HE. £795.

Little-known winners share the LWT corporate jackpot

Rachel Johnson on the 54 people who will become rich by virtue of the golden-handcuff scheme

THE 16 top executives at London Weekend Television who will become paper millionaires next week as a reward for investing in a £3m golden-handcuffs scheme before the 1991 franchise auction will not be the only people feeling prosperous at the company.

Leaving aside the 16 – who include such well-known names as Sir Christopher Bland, chairman; Mr Greg Dyke, chief executive; and Mr Melvyn Bragg, arts controller and presenter of the South Bank Show – there are plenty of lesser-known winners of LWT's corporate jackpot, making a total of 54. All those who benefitted from the scheme were in management at some level, but why were they so richly rewarded?

Those who left LWT before Sir Christopher Bland dreamt up the golden handcuffs scheme, or were not senior enough to participate in it, struggle to give even-handed replies.

Mr Anwer Bati, a freelance producer who worked at LWT in the early 1980s, gulped at the thought of a former colleague, Mr Robin Paxton, being worth £2m.

"They were in the right jobs at the right time, so lucky them," he said.

He added: "It's not that they were in dire danger of being headhunted, but the station needed to convince the IBA [Independent Broadcasting Authority] that the people behind its star programmes would not be headhunted by rivals. Take Barry Cox [director of corporate affairs]. He's a very nice guy, was an ordinary programme maker. Now he's worth £1.5m."

The scope of the scheme has penetrated some surprising corners. Mr Paul Gibson is a classic example – an unknown manager on the technical side of LWT's operations, he is one of nine investors who have ended up with shareholdings worth £915,000 each.

Mr Gibson is LWT's group systems controller, in charge of all corporate information technology, airtime bookings and production bookings.

At 50 – "exactly the same age as Mick Jagger" – Mr Gibson's past experience includes time as a senior systems analyst at the food retailers Lyons and Tesco. He would not comment on his participation in the share scheme nor why he was chosen for it.

According to Korn Ferry, the media headhunters, Mr Gibson's job at LWT would involve extensive responsibilities and probably command a salary of about £70,000 in the industry. "But he wouldn't be all that hard to replace," the headhunter said yesterday.

LWT says that the 54 managers are justly reaping the reward of their cash-backed loyalty in 1989.

At a time when it was not clear whether Carlton Communications, chaired by Mr Michael Green, would compete for the London weekend franchise, they took a risk by putting their own money, sometimes borrowed, into LWT.

Mr Peter Coppock, head of press relations at LWT, is keen to put this gloss on the tale of the "telly millionaires".

He was offered 18,028 shares at 83p, and made "no small investment" of £15,000. But he did not know until the franchise was renewed that he had made money rather than lost it.

"For a long time the share price was 65p and it was brown-trouser time," he recalled. "It's easy enough now the share price is 470p to say it was a cushy investment but it didn't feel like that at the time."

Mr Coppock's investment is *now worth £342,991 – 22 times* its original value.

He says that a shareholding this size is the norm – and that only the 16 top managers who include such "juicy" household names as Mr Bragg and Mr Dyke, became millionaires overnight.

FINANCIAL TIMES

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A dearth of options

ONE CONSTANT and unremitting theme of the post-war financial world has been the decline of the personal investor. Year in year out, almost without fail, the UK personal sector has appeared in the official statistics as a net disinvestor in company securities. Anonymous investment institutions have filled the gap, taking their stake in British equities up to two-thirds or more of the total value of the stock market. Not even the rhetoric of the Thatcher period, with its emphasis on popular capitalism and privatisation, was able to change the trend.

Then, last year, came a dramatic, though untrumpeted, *volte face*. The private individuals who had sold £19.8bn, £7.8bn and £2.6bn in 1989, 1990 and 1991 respectively, suddenly bought a net £3.6bn of equities. In the first quarter of this year they added a further £835m to their holdings. It looks suspiciously as though the collapse in the housing market has finally achieved what years of exhortation by Tory politicians and stock exchange chairmen so signally failed to bring about.

While richer individuals have been flocking back to the stock market, smaller retail investors have been pouring money into unit trusts. July alone saw a net £948m flood into the unit trust managers' coffers, taking the total for the first seven months of the year to over £5bn. That is more than the total cash flow of Britain's pension funds for the whole of last year – a remarkable reversal of another lengthy trend.

This shift in the balance of power between retail investors and the big investment institutions is partly a reflection of the traditional hunt for income at a time when interest rates are plumbing historically low levels. People have been withdrawing their savings from low-yielding deposit accounts at banks and building societies and putting them into unit trusts or shares.

Modest improvement

That pattern is repeated all the way up the investment scale. Within an overheated equity market higher yielding shares have out-performed for much of this year as investors have sought protection in income. Elsewhere the institutions have re-acquired an appetite for commercial property investment that they lost in the disinflationary 1980s. The big question in all this is whether the quality of the income compensates for the risk of falling prices.

By historic standards, the current dividend yield on British equities of 3.7 per cent looks low. Moreover dividends shrank last year in real terms and look set for only modest improvement this year. This does not, then, look the time to buy equities for the long term; but note that, after the 1967 devaluation, equities were exceptionally buoyant despite negative dividend growth. Today the market looks set to bubble away in comparable fashion until interest rates are perceived to have run their downward course. The mere fact that equities bounced back to record levels after the Bundesbank threw a wet towel on the proceedings on Thursday by failing to cut key interest rates suggests that this bull will take some stopping.

Heavily oversold

In property the long-term position is very different from equities. Despite the sharp recovery since last year yields are still historically high, relative to gilts, in a market which had been heavily oversold by the institutions. The problem for investors is that the excess supply of property, much of it in the hands of banks, is not all income-producing. The attraction of a higher yield than in gilts depends on the existence of a good quality tenant and a long lease with upward-only rent reviews.

Even here, there is a question mark in that underlying rental income continues to fall while capital values are rising. Many tenants are committed, under the terms of standard institutional leases, to paying way over the open market rent. Buyers have to base their judgment on the likely rent and the potential value of the property in, say, 10, 15 or 20 year time. If their assumptions about residual values are over-optimistic, the comparison with gilts is a nonsense.

Nor are gilts immune from questions about the quality of income. For while gilt yields have been falling, budget deficits across the developed world have been rising, thereby raising questions about future inflationary pressures. As the London-based securities firm BZW points out, the debt overhang cannot be stabilised until real debt yields fall below the likely trend growth of GDP. Taking British index-linked gilts as a yardstick, real government bond yields have almost certainly fallen across the Group of Seven industrialised countries. But even at around 3.3 per cent, they are still above any plausible growth assumption for the short to medium term, which means that debt burdens will continue to grow. But if governments do confront their fiscal problems, economic growth will, paradoxically, be slower in the next year or two.

Investors, it seems, are making precious little allowance for risk in equities, gilts and property alike. But that is because, in the hallowed phrase, they cannot find a better hole.

Overload in the people's car

The costs crisis afflicting VW stems from the cosseting offered by Germany's social economy, says Christopher Parkes

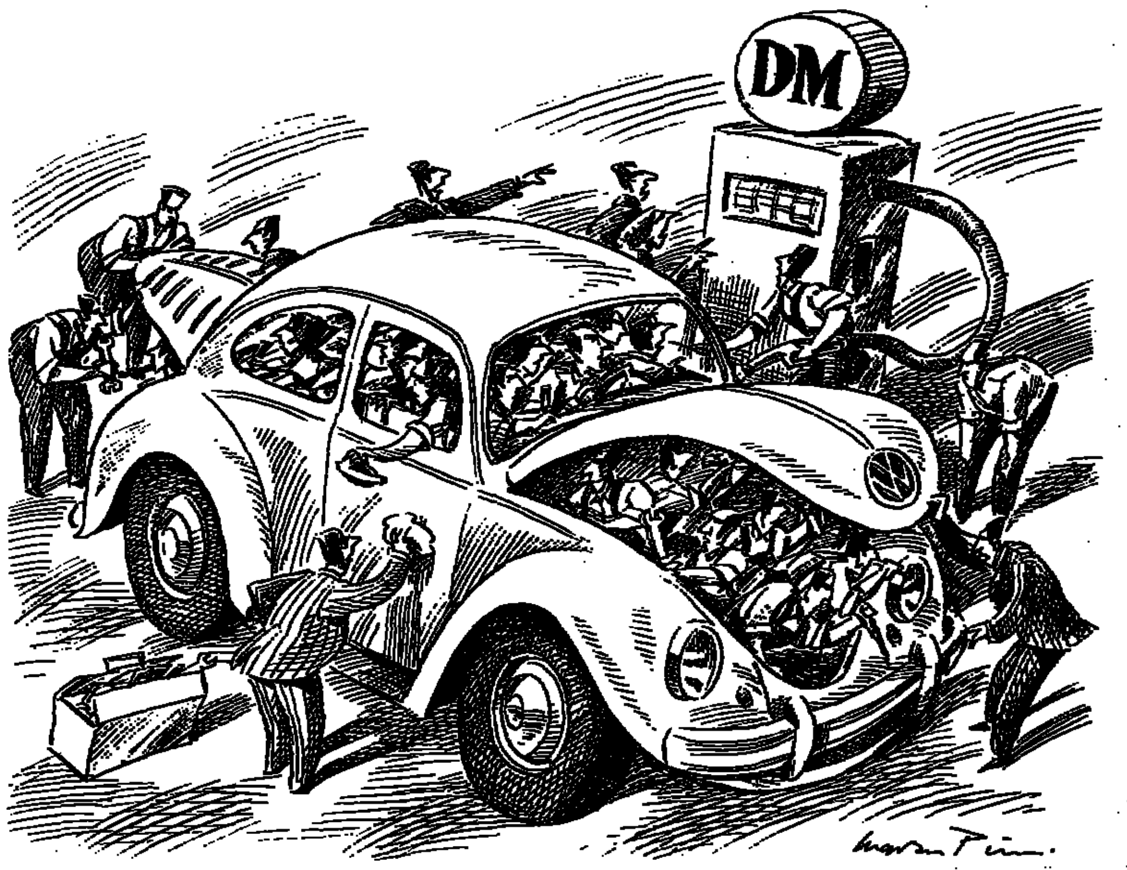
The problems at Volkswagen are as old and as durable as the dear old Beetle itself. Foremost among them has long been the carmaker's chronic inability to confront the simple truth: that its costs are too high.

Now, 55 years after the launch of the Beetle phenomenon, in the middle of the motor industry's worst post-war slump, Ferdinand Piëch and José Ignacio López de Arriortúa are bidding to effect a cure. But while their abilities are not in doubt, their rough-and-tough methods, and criminal allegations against López are threatening to destroy dreams that VW can be restored speedily to full health.

The malaise was apparent back in the 1930s, when Ferdinand Porsche was developing his pop-eyed rear-engined runabout and when Adolf Hitler was growing increasingly excited by "his" *Volkswagen*: his people's car.

"I have no doubt that the outstanding ability of the designer, and at a later date the economic acumen of the manufacturers, will make it possible to make available to the German people cars which are low-priced and cheap to run, similar to those the American people have enjoyed for a long time," Hitler proclaimed at the 1936 Berlin motor show.

As Dan Post, the celebrated Beetle historian, noted*, Mr Schickelgruber failed to mention that in 1936 an American had to work only 300 hours to buy a car while a German would have to toil for 800.



The differentials have narrowed, the world has shrunk, and the Volkswagen concern has ballooned into an international giant since the Wolfsburg works opened in 1938. In May that year the first "KdF" (Kraft durch Freude – Strength through Joy) cars rattled out at a handsome 990 Reichsmarks apiece.

But the dangers inherent in overblown costs have persisted. They were ignored for years as VW cars first filled the garages of Germans benefiting from the post-war economic miracle, and later moved off into international markets as puttering proof of Germany's reputation for engineering excellence.

Progress through technology, or *Vorsprung durch Technik*, to borrow a phrase beloved of Piëch, Porsche's grandson, and by a fateful twist, today's chairman at VW, served the German motor industry well in its youth and adolescence. But high costs threaten to be the death of it in its maturity, Piëch says.

Piëch, former head of Audi, the VW quality car division, and patron of its *Vorsprung durch Technik* slogan, took charge of the group in January this year as it toppled into its worst losses ever. A technical man by training, he was chosen for the skills he displayed in re-engineering Audi into the most profitable part of VW. He, in turn, chose another engineer, the controversial López, formerly General Motors' cost-cutting wizard, to help him with his work.

Since March, when López arrived shrouded in suspicions of having stolen GM industrial secrets, the rehabilitation work has been progressing at speed. The eccentric Basque is said to work from five in the morning to midnight every day. In less than six months, Piëch claims, he discovered and applied cost-saving methods worth DM700m. But as allegations and evidence mount up, it appears increasingly unlikely that the dynamic duo will remain together for long.

Thr group could find a replacement relatively easy for López. There are plenty of managers who understand and can implement the "lean" production and group working methods he uses, but it would be more damaging if Piëch were forced to go. Since he arrived, he has hacked hard at VW's internal costs structure, its civil service-style bureaucracy, and its cosy relationships with its mostly German, high-cost components suppliers. He has also set about cutting its bloated workforce.

While his claims of having DM8.7bn-worth of savings "in my pocket" do not bear close inspection, and even he has given up on his earlier claims of reaching break-even this year, there is ample evidence that the Austrian engineer is giving VW the shake-out of its life. As López and his team terrorise components suppliers, Piëch is carving into investment plans, paring every budget to the bone. He is even making a brave show of tackling over-employment, the single most important cause of the group's malaise.

Since his arrival in January, Piëch has announced the shedding of about 20,000 jobs in VW's six German works. But in keeping with post-war industrial tradition, there is not a single redundancy among them. Natural wastage and early retirement on generous terms are, as usual, the order of the day. There is no role for hire-and-fire methods in Germany's social economy, where even the threat of industrial conflict is anathema.

But Volkswagen is a special case. As a "new" industry in post-war Germany, it was cosseted under government control. Based in a traditional Social Democrat (SDP) stronghold, Lower Saxony, it was an exemplar. It was a pillar of the social economy: a creator of jobs

Without drastic action, says López, the Japanese will colonise European industry and 'become our landlords'

and wealth in what used to be a faraway, hard-up corner of West Germany, tucked close against the old East German border. When Bonn sold off the last 16 per cent of its holding in 1988, commentators cheered: at last action would be taken to reduce VW's cost base, they said. At the time, VW's profit margin was exactly one third that of its main European competitors.

"I don't know of a single example where a company has lost the government as a shareholder where it hasn't led to fundamental change," one analysts wrote at the time.

But the commentators appeared to have forgotten the 20 per cent holding left under the control of the Lower Saxony government. The state authorities, today wearing the red and green colours of an SPD/Green party coalition, together with worker representatives on the company's board of supervisors, still control VW's fate.

As a result, Volkswagen has continued until now to be managed more in the style of a social security office than a commercial concern. It has fired workers only once in its entire history. Even today, its in-house pay agreement is the most generous in the German car industry. Two weeks ago, seeking to shave another 3,000 jobs from its domestic payroll, the management offered an extraordinary deal, allowing employees to retire at 55 on 90 per cent of their net income until the normal retirement age of 60.

In an industry where labour costs account for 70 per cent of the total cost of a typical vehicle, according to the VDA automotive industry association, the workforce is the single most important source of potential economies. VW calculates that its latest early retirement package should bring the number employed in its six domestic plants to about 100,000. Industry observers, given to understand that the desired target is 80,000, are puzzled.

Times may be desperate, but even hard men such as Piëch and López would have no hope of gaining the assent of their labour-oriented supervisory board to job losses on such a scale within the two years they have given themselves to turn the company around. Accordingly they have gone about their other cost-saving activities with sometimes alarming vigour.

But the fact that they were put in charge, and that Piëch won agreement to his first phase of job cuts, reflects the new chairman's powers of persuasion and the Lower Saxony government's belated acceptance that fundamental change is needed if VW is to prosper in Europe's single market and in an increasingly liberalised global economy.

Now, several years behind innovative, privately-controlled companies such as BMW, and at least two years behind most other German industrial groups, where task-master bankers hold large stakes, sit on supervisory boards and hold the whip hand over management, the duo has set about a crash cure.

There is no time for niceties, they say. Without drastic action now, says López, the Japanese will colonise European industry and "become our landlords". For Piëch the issue is the "survival" of Germany's second-biggest industrial concern.

Both arguments are deliberately pitched to disseminate fear and prepare the ground – in the supervisory board and the workforce – for their Blitzkrieg tactics. But they have signally failed to convince the watchers beyond the borders of Lower Saxony.

The Austrian Piëch and the Spaniard López appear to have overlooked that change on the scale they demand, especially in Germany's conservative business culture, requires management, not force. They have also to remember that the ground rules of a social economy demand consensus, not coercion, and not just with a company's own workforce and supervisors.

While López's purchasing department "warriors" are allegedly dashing around, tearing up component suppliers' contracts and demanding instant price cuts on pain of loss of contracts, more conventional managers are pursuing similar ends through dissimilar means. Proceeding according to the tiresome but tested principle that co-operation is preferable to confrontation in Germany, business competitors in the motor sector and other industries are negotiating their way to improved competitiveness, at a gentler pace. Most important, they are operating out of public earshot.

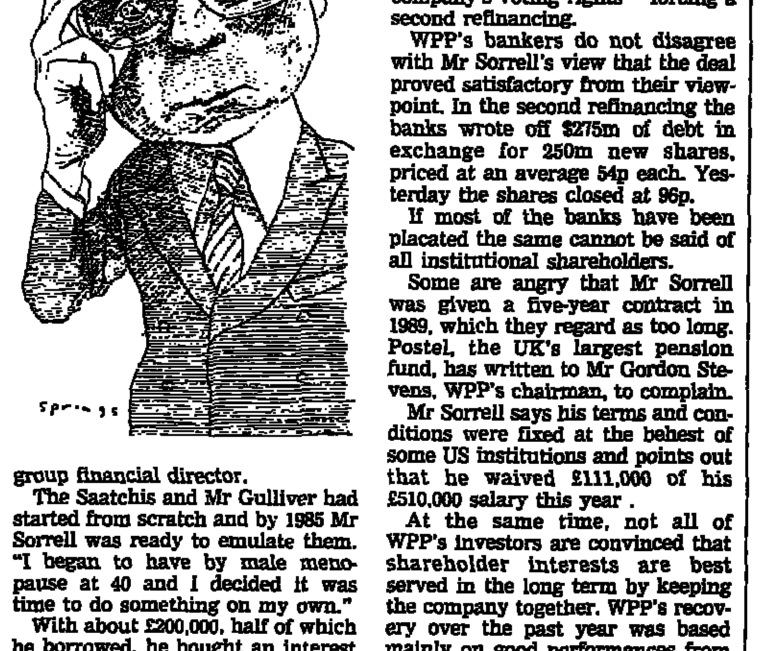
However great VW's difficulties and however inspired the new management may be, a director at one competitor says its methods are unacceptable. The fact that Volkswagen is so large, so well-known and seen internationally as a flagship of German industry, makes "this bullying" all the more reprehensible, he adds.

VW, Germany's most persuasive argument for privatisation, is also its most suitable case for treatment. But as its supervisory board appears to have realised, with recent hints that López may have to go, the malaise afflicting it is an indigenous German ailment which demands German therapy for an effective and lasting cure.

* *Volkswagen Nine Lives Later, 1930-1965, by Dan Post, Motor-Era Books, Arcadia, California*

MAN IN THE NEWS: ***Martin Sorrell***

Survivor's techniques



Mr Martin Sorrell's continued tenure as chief executive of WPP Group, the marketing company, is seen by many in the industry as proof that there is life after death.

If one refinancing in 1991, due to burgeoning debt, could be put down to bad luck, a second the following year must look like carelessness. In most other industries the price for avoiding receivership would have been the chief executive's head.

Yet Mr Sorrell remained at the helm of WPP while it restructured its borrowings. And earlier this week he announced that half year pre-tax profits to the end of June had jumped from £1.8m to £24.1m.

While Mr Sorrell is the first to admit that WPP is not yet out of the woods – it still has borrowings of about £350m –he can finally see light at the end of the tunnel. "And thankfully," he adds, "there is no train coming the wrong way."

The 48-year-old entrepreneur has avoided the fate of others who allowed borrowings to get out of hand, partly because creative people are the main assets of an advertising agency.

But his financial acumen, more than his talent as a copywriter, may have impressed the syndicate of 28 banks which helped keep his empire in tact. Many in the US agencies Mr Sorrell controls loath him for the fierce financial controls he has imposed including salary cuts.

His survival also owed much to what one friend described as "the sheer brute force of his negotiating tactics, which wore the bankers down". Those who negotiated with Mr Sorrell over the past few years describe him variously as "determined", "desperate to succeed" and "infuriatingly obstinate".

According to Mr Sorrell he was "no hired hand" that could just walk out when things got difficult. "I had an enormous amount of emotional involvement; it was my baby and I wanted it to succeed."

Mr Sorrell says the bankers were "sensible enough to understand that to dispose of businesses would not have helped cash flow in the long term".

As an only child, Mr Sorrell admits to being used to getting his own way. His father, who was chief executive of a radio electrical company, gave him a taste for business. He read economics at Cambridge and went to Harvard Business School.

Part of his studying was to examine the case of Mr Mark McCormack, the US lawyer who managed the affairs of sports stars and celebrities. Not content with studying him Mr Sorrell ensured that he meet him in person.

The two got on well, and after his first job working for Glendinning Associates of Connecticut, a small agency, Mr Sorrell was offered a job with Mr McCormack when he opened a London office in 1969. He moved into a London flat below that of Mr James Gulliver, then running Fine Fare, the supermarket group, and looking for a personal financial adviser. Mr Sorrell got the job and became one of the original shareholders when Mr Gulliver started James Gulliver Associates, which later became the Argyll Group.

Mr Gulliver took a small stake in the advertising company which became Saatchi and Saatchi. Mr Sorrell found himself giving the Saatchi brothers corporate financial advice and by 1977 he became their group financial director.

The Saatchis and Mr Gulliver had started from scratch and by 1985 Mr Sorrell was ready to emulate them. "I began to have by male menopause at 40 and I decided it was time to do something on my own."

With about £200,000, half of which he borrowed, he bought an interest in a small engineering company called Wire and Plastic Products, which made wire baskets. The object was to gain control of a small quoted company that could be used as a vehicle for acquiring other businesses.

In 1987, the famous New York-quoted advertising agency of J Walter Thompson was suffering a lack of strategic direction, losing money and big clients such as Burger King. WPP bought it for $525m (£354.7). Two years later, in a contested bid, Mr Sorrell bought Ogilvy Mather for $864m. "With hindsight we paid too much for Ogilvy Mather," admits Mr Sorrell.

By 1990, the advertising industry was going into recession and WPP's revenues began to fall. A year later, the company was refinanced but its difficulties mounted and WPP failed to make scheduled dividend payments. That triggered a legal clause giving full voting power to owners of preference shares who found themselves with 78 per cent of the company's voting rights – forcing a second refinancing.

WPP's bankers do not disagree with Mr Sorrell's view that the deal proved satisfactory from their viewpoint. In the second refinancing the banks wrote off $275m of debt in exchange for 250m new shares, priced at an average 54p each. Yesterday the shares closed at 96p.

If most of the banks have been placated the same cannot be said of all institutional shareholders.

Some are angry that Mr Sorrell was given a five-year contract in 1989, which they regard as too long. Postel, the UK's largest pension fund, has written to Mr Gordon Stevens, WPP's chairman, to complain.

Mr Sorrell says his terms and conditions were fixed at the behest of some US institutions and points out that he waived £111,000 of his £510,000 salary this year .

At the same time, not all of WPP's investors are convinced that shareholder interests are best served in the long term by keeping the company together. WPP's recovery over the past year was based mainly on good performances from the group's US agencies. Revenues at J Walter Thompson and Ogilvy Mather rose by 6 per cent and 4 per cent respectively. Neither is represented on WPP's board, prompting the questions about whether the agencies should be run separately.
is

Mr Sorrell says he is sure that keeping WPP's subsidiaries under a holding company has the effect of increasing total revenues. If WPP is to remain as one group, Mr Sorrell will have to prove that he can keep profits rising and convince his backers that his financial prowess remains indispensable.

Roland Rudd

New flights of fantasy

George Graham on Nasa's future after the loss of Mars Observer

The $980m Mars Observer was supposed to bring back the first new pictures in nearly 20 years of the planet Mars. Instead, it is lost in space without a radio. At best, the spacecraft may have swerved automatically into an orbit around Mars, and there is an outside chance it may re-establish contact with earth. At worst, it may have exploded.

"I'm betting it blew up on Saturday," said Mr John Pike, a space specialist at the Federation of American Scientists. "If it was a big explosion, it's in little bitty pieces."

Nasa scientists suspect a faulty transistor and acknowledge they probably face a "non-recoverable situation".

Back on earth, the Mars Observer's problems translate easily into an uncomfortable metaphor about the once-proud National Aeronautics and Space Administration.

Nasa has suffered a series of mishaps on its programmes. Flawed mirrors have hobbled the Hubble space telescope. Jammed antenna are hampering the Galileo probe to Jupiter. And there have been delays and cancellations for space shuttle launches – although these last-minute cancellations are preferable to the kind of disaster that destroyed the Challenger shuttle in 1986.

Nasa officials say that even the glorious era of the Apollo moon missions was not free of problems.

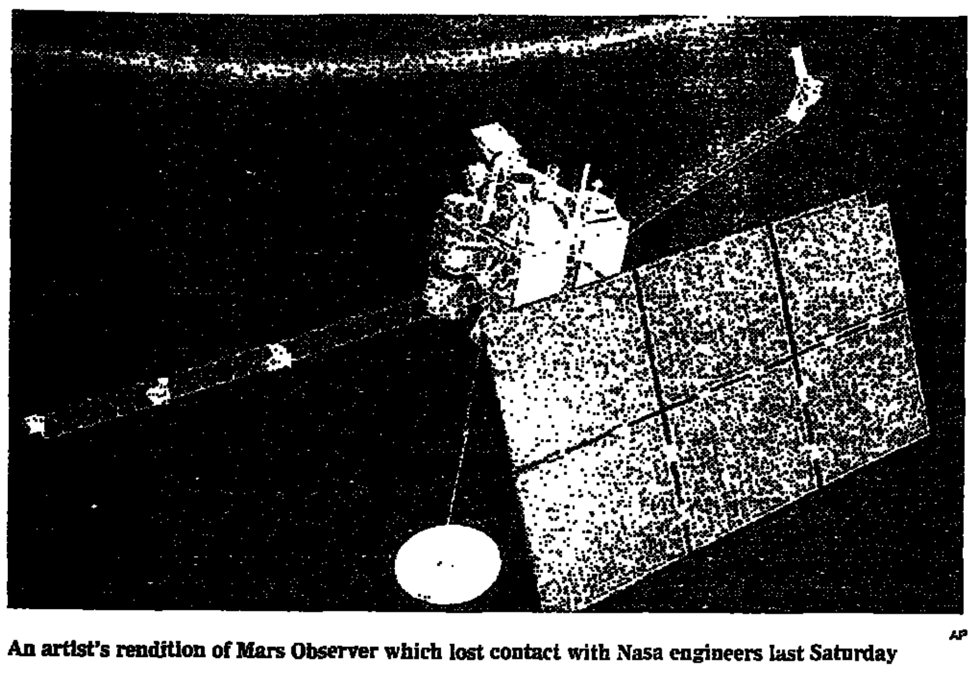
"We had glitches and failures back then in the heydays. We had engine shutdowns on the pad – the very same kind of things that are happening [today]," says Mr Wes Huntress, Nasa's associate administrator for space science.

"We have established some very tough goals for ourselves in the space programme. If they were easy to meet, anybody could meet them," adds Mr William Piotrowski, acting director of its solar system exploration division.

But the space agency's reputation for being able to manage a budget disappeared in smoke years ago. The General Accounting Office, the audit arm of the US Congress, reported this year that Nasa underestimated costs on 25 out of 29 big projects. The recent technical setbacks have dealt further blows to what remains of its image.

Mr John Logsdon, director of the Space Policy Institute at George Washington University in Washington, says Nasa's recent setbacks are not merely problems of the kind that can afflict even the best-run organisation; they reflect the reality that Nasa lost its technical and managerial excellence in the 1970s and 1980s.

Not even Nasa's critics – and they are many and varied – are rubbing their hands at the Mars Observer's apparent failure. From the protesters who claim Nasa is hiding evidence of intelligent life on Mars to the space analysts who say the agency spends too much money on the costly shuttle to the detriment of unmanned missions that could bring more knowledge, all had high hopes from Mars Observer.



An artist's rendition of Mars Observer which lost contact with Nasa engineers last Saturday AP

The disappointment is acute for those who had hoped that breathtaking photographs of the surface of the red planet, the first since Viking in 1976, could help to rekindle the public imagination in a way that the shuttle astronauts, who have turned into little more than space hauliers, have not.

After its days of glory, Nasa became overweight. Whereas in 1972, when the Apollo era ended with the last manned moon landing, Nasa and its contractors employed 138,800 people, today they employ 100,000 more.

Mr Timothy Ferris, a science writer at the University of California at Berkeley and adviser to several Nasa space exploration missions, says many employees have fallen into a attitude where their main concern is justifying their jobs. In the old days, however, "people at Nasa worried about getting to the moon".

Where once President John F Kennedy sparked Nasa to excellence by challenging it to put a man on the moon, such political leadership as Nasa received in the 1970s and 1980s degenerated into prodding from members of Congress anxious to ensure that the agency diverted work to their constituencies.

The agency became a master of the art of extracting money from congressional appropriations committees, by distributing largesse to as many supporters as possible. When lobbying last year to save the space station Freedom from the budget axe, Nasa circulated maps showing that the station generated jobs in 37 of 50 states and 151 of 435 congressional districts.

"Nasa sees its primary mission as the securing of appropriations from Congress. Congress in turn understands the importance of big aerospace programmes in maintaining jobs in the aerospace industry," says Mr Ferris.

But Mr Daniel Goldin, who became Nasa's administrator 18 months ago, has won some acclaim outside the agency for beginning to change all this.

When appointed, Mr Goldin was viewed with some suspicion by Nasa and Congress, who resented the ousting of his predecessor, the former astronaut Admiral Richard Truly. Some saw Mr Goldin as a cat's paw for Vice-president Dan Quayle, who took the lead on space issues for the Bush administration. Mr Al Gore, who was chairman of the Senate Science, Technology and Space Subcommittee before he replaced Mr Quayle as Vice-president, was one of the most vocal in questioning Mr Goldin's independence.

After some hesitation, President Bill Clinton kept Mr Goldin, with 25 years of private sector experience at the TRW engineering group's space division, to spearhead the assault on Nasa's bureaucracy.

Mr Goldin won more favour with the president for the alacrity with which he took up Mr Clinton's challenge to redesign the space station, a permanently manned orbiter Nasa plans to launch by 2001, so that it would cost less and do more.

The new scaled-down station will include elements from the original Freedom design, but should cost $8bn to $9bn less to build than Freedom by its projected launch date and perhaps $18bn less to operate over a 10-year life span.

Mr Goldin has also drafted a budget that cuts Nasa's five-year spending plan by $15bn to $80.4bn. Although he has fought hard to keep the space station alive, he is Nasa's fiercest critic, lambasting its "appalling management structures".

"I personally am tired of Apollo stories. It's time we started writing history and not reading it," he told a meeting of space scientists recently.

Mr Goldin himself may not write much history. His task is more to shape Nasa into the kind of entrepreneurial organisation that will once again do so. Outsiders in the scientific community believe Mr Goldin has already done much to shake out Nasa's bureaucratic stuffiness, though much remains to be done.

Writing history, however, will require more than managerial excellence. Nasa needs a new sense of mission to replace the urge to compete with the Soviet Union that spurred earlier space probes.

Mr Clinton and Mr Gore offer Nasa an opportunity, by seeking to swing the pendulum back to civilian pursuits and away from the Star Wars and military projects that dominated space programmes under Presidents Reagan and Bush.

But they also want Nasa to spend more time and money on aeronautics research with practical dividends for civil aviation. Manned missions to explore the planets, they have warned, are a long way in the future.

Practical dividends have recently come to dominate other considerations, to the extent that supporters of the space station conduct their annual battle to preserve its budget by inventing ever more farcical claims that everything from Aids to arthritis could be cured if only scientists could experiment in zero gravity.

But a vital part of Nasa has always been the dream of pushing back the boundaries of space. That dream has also been important to public support for the agency and its budget.

Nasa may not be lost in space without a radio. Without that dream, however, it might turn into little more than an earthbound technology agency.

Caviar may lose its cachet if producers do not act to control supplies, says **Neil Buckley**

Fishy deals all in a roe

In smoke-filled rooms in the Iranian port of Bandar Anzali this week, the talk between officials from Iran and four former Soviet republics was not about oil or arms, but of fish roe. Carving up the caviar market has become a political issue.

The sturgeon may seem an unlikely subject for Opec-style negotiations, but when a large sturgeon can contain caviar equivalent in value to two Rolls-Royces, caviar-producing countries have decided they need to determine how much each is allowed to fish.

The shiny black eggs tinged with gold, once the preserve of shahs and tsars, are still surrounded by mystique, prized not only for their delicate flavour but for their supposedly aphrodisiac qualities.

Western importers fear, however, that caviar may be about to lose its cachet. Former Soviet republics, keen to earn hard currency, are threatening to increase their exports, thus flooding the market. An increase in smuggling has led to an influx of often substandard caviar into Europe.

Officials from the five countries bordering the Caspian Sea – home to 90 per cent of the world's sturgeon – met this week to discuss the problem, although a report from Irna, the Iranian News Agency, that they had agreed to form a caviar "cartel", seems to have been premature.

Mr Rasoul Pousti, European representative of Shilat, the Iranian national fisheries company, in Frankfurt, said the results of the meeting were yet to be announced. Its aim was not to set up a cartel, but to co-ordinate marketing and deal with such problems as smuggling, over-fishing and pollution of the Caspian.

But European dealers say some kind of agreement is urgently needed.

"The market is pretty much in disarray," says Mr John Stas, managing director of WG White, the only UK agent for Russian caviar. "A cartel agreement might at least mean we could source caviar from reliable people at sensible prices."

Two years ago, the Soviet Union and Iran, the only two countries bordering the Caspian, had an effective duopoly in the caviar market. The Soviet Union produced about 700 tonnes a year, much of it ending up on the tables of the Communist party élite or on sandwiches sold for a couple of roubles at venues such as the Bolshoi Theatre. Less than 100 tonnes were exported, all through Sovrybflot, the Soviet state fisheries agency. Iran produced 200 tonnes a year, exporting about 150 tonnes through the fisheries company, Shilat.

The Soviet Union and Iran held informal negotiations each year to adjust the price, usually based on the dollar exchange rate.

The break-up of the Soviet Union, however, means that five countries now border the Caspian, with the newly independent republics of Azerbaijan, Kazakhstan and Turkmenistan joining Iran and Russia.

The end of centralised control means fishing has become a free-for-all. The new republics are no longer content to sell caviar to Moscow for roubles. They want to market it themselves. The problem, however, is that if they all fulfilled their desired export amounts, the total would be about 300 tonnes – bigger than the entire western market.

Because the new republics have little experience of controlling fishing and regulating trade, large quantities of caviar are finding their way onto the Russian black market. From there it travels to Europe in the suitcases of eastern European tourists anxious to earn hard cash. French customs officers who stopped one coachload of Russian tourists last year found 200kg of caviar – market value roughly $80,000.

"The problem is wider than just people coming over with a little suitcase," says Mr Pousti. "People are trying to deal in caviar with no experience."

Spotting an opportunity, western entrepreneurs have also brought supplies into Europe, sometimes obtained from producers and other licensed exporters, sometimes from Russian gangsters. Many have found it difficult to resell the caviar.

Mr Peter Rebeiz, president of Caviar House in Geneva, which imports about a third of the caviar sold in the west, says retailers and restaurants will only buy from trusted suppliers.

"There are about 65 tonnes of unsold caviar lying around between Amsterdam and Hamburg," says Mr Rebeiz. "Much of it is arriving in non-refrigerated trucks. By the time it gets here it practically walks by itself."

Caviar House has stopped importing caviar from the former Soviet republics, demanding that they agree export quotas, as well as take steps to regulate fishing and protect the environment in the Caspian, before it will buy more.

Ironically, some of those still dealing with the new republics have difficulty obtaining caviar. WG White says that since the demise of Sovrybflot, the Russian authorities have issued export licences not to caviar producers, but to intermediary companies, which are often unable to guarantee supplies of the required quality. They are also quoting prices 30 to 50 per cent higher than last year.

Mr Rebeiz believes, however, that the end of the Soviet monopoly may provide opportunities for the new republics. The three main types of caviar – Beluga, Sevruga and Osetrova – have subtle variations in taste and texture, according to the depth and temperature of the water the sturgeon inhabit. The emergence of the republics may lead to the development of a range of caviar brands from different parts of the Caspian, he says.

It may take the republics several years to develop the marketing expertise, but there is money to be made in the west from the Caspian Sea's other form of black gold.

John Authers on science's bad image in UK schools

Discipline in need of a better chemistry

Why don't you do a nice arts degree, asked the despairing mother of her daughter in a sketch by comediennes Dawn French and Jennifer Saunders. Choosing a physics degree can only lead to life as a boring, socially inadequate spinster, the mother wailed.

The sketch was meant as a parody of British attitudes to scientists, but universities trying to fill physics, engineering, and chemistry courses will have found it too true to be funny. With thousands of spaces unfilled, universities have this week been offering science courses to candidates with just two Es at A-level, the lowest pass grade. Arts candidates who narrowly missed required grades are being offered science instead.

The shortfall in would-be scientists is the corollary of a fall in pupils taking science at A-level. The number taking physics A-level this year was 9.6 per cent down on last year. For chemistry the figure was 4.5 per cent.

A decline in interest is evident also among 16-year-olds taking GCSE examinations. Entries for all science subjects have fallen by 4.15 per cent since 1989, according to figures this week. "There is an anti-science mood in Britain," said Sir David Weatherall, president of the British Association for the Advancement of Science.

The government's response so far has not been to encourage science directly, but to discourage universities from taking on arts students by cutting its contribution to tuition fees for non-scientific subjects for 1993-94.

Mr John Patten, education secretary, this week acknowledged that the continuing unpopularity of science is a cause for concern – but said the blame did not lie just at his door. "I think we are all in this together – the government, teachers and employers," he said.

Mr Patten may be correct to look to employers for an explanation. Although the Confederation of British Industry and Institute of Directors preach the need to build Britain's science expertise, figures for graduate salaries and unemployment rates suggest demand for scientists is little or no higher than for other disciplines.

According to CSU, a consultancy which charts graduate salaries, students with degrees in pure science could have expected to start work on £12,285 a year in 1992, only slightly higher than the £12,039 for jobs where degree subject was unimportant.

Unemployment rates show scientists faring worse than contemporaries who studied arts: of those who graduated with chemistry and physics degrees in 1991, 11.3 per cent were unemployed a year later. For humanities only 8.2 per cent were jobless.

Engineering graduates buck the trend among scientists – particularly those with specific skills needed by industry. The average starting salary for engineers last year was £12,374, higher than the norm for all graduates, and their unemployment rate after 12 months was below average at 8.5 per cent.

Although the overall picture suggests that employers are not unduly worried about the lack of science graduates, Ms Margaret Murray, head of the CBI's education unit, said encouraging science is still essential to Britain's industrial competitiveness. The CBI and the IoD argue scientists have skills that industry needs, such as problem-solving experience and confidence with numbers.

Ms Murray seized on the shortages of engineers as particularly worrisome. The US trains nearly twice as many engineers per head than the UK, and Japan nearly three times as many, she said.

Her concern, however, is not sufficient to overcome a bias against science among children – probably caused as much by a popular perception that the subject is dull as by the status of scientists in the job market. Dr Ann Robinson, the IoD's head of policy, diagnosed a cultural problem. Education has been "too child-centred and too student-led". When pupils find a course either difficult or boring schools and universities have been too willing to withdraw the course.

Reinforcing her point is research by the Association for Science Education, showing the number of students taking science A-levels falls when schools introduce arts courses which children believe are more interesting – such as media studies.

Professor Alan Smithers, of Manchester University education department, said the quality of teaching also discourages possible scientists. Below 16, science is usually taught as a set of facts, with little or no element of discovery. Only at A-level do students discover that hard and fast rules learnt by rote are sometimes not even correct.

The quality of lessons is not helped by the poorer degrees held by science teachers. University Council for the Education of Teachers' figures show that in 1991 almost 40 per cent of physics teachers had a third class degree or lower, compared with 5 per cent for history teachers. Professor Smithers believed there is a vicious spiral: "Too few science graduates, too few teachers, poor teaching, too few students."

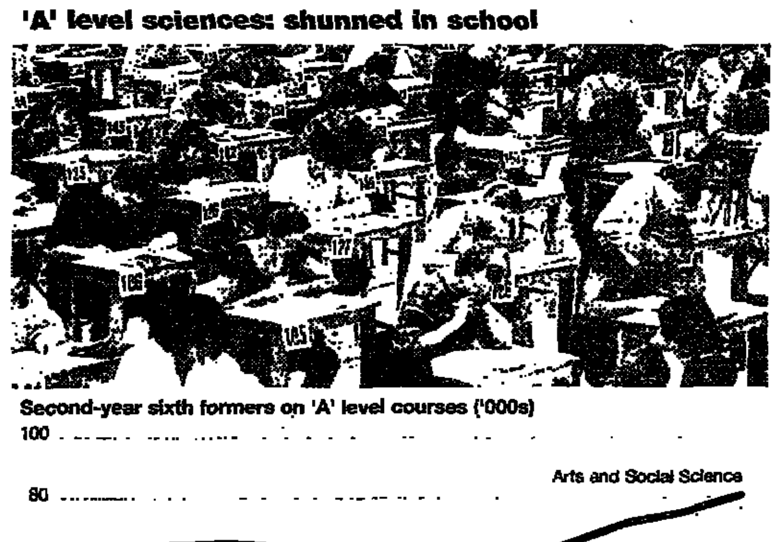
At the same time, constraints of the A-level system itself can act also as a deterrent for scientists. Most university science courses still require three A-levels in related subjects, forcing pupils to abandon arts courses at 16.

Such weaknesses in school science, have prompted calls for the abolition of A-levels, untouched since the Conservatives came to power in 1979 and which follow on uneasily from a new national curriculum which requires studying a breadth of subjects to GCSE level.

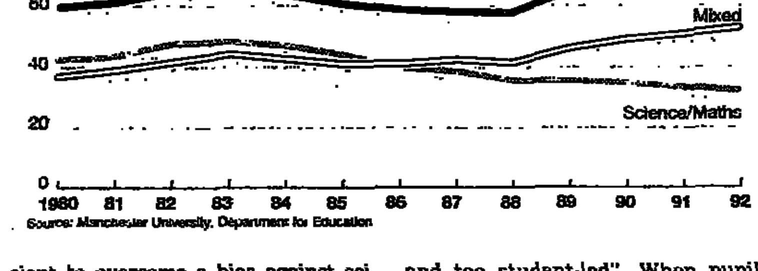
The government "refuses to recognise the barrier to improving the science base is its insistence on retaining A-levels in their current form," said Mr Roger Young, of the Institute of Management. The IM wants a six subject curriculum for 16-18-year-olds, with all pupils following at least one art subject and one science.

Mr Patten's analysis this week was that selling science "is a marketing problem, trying to persuade children that science is interesting and rewarding". But attracting more students into science may require more sweeping changes to Britain's further and higher education systems.

'A' level sciences: shunned in school



Second-year sixth formers on 'A' level courses ('000s)



Source: Manchester University, Department for Education

Japanese work practices can be successful in UK

From Mr Christopher J Gill.

Sir, In response to "Doubts over effectiveness of Japan-style work practices" (July 19), here is an alternative view.

Oki's manufacturing site at Cumbernauld, Scotland, has adopted many Japanese working practices and combined them successfully with the best from western culture. The facility is committed to *kaizen*, or continuous improvement, and the close involvement of its staff. For example, every morning a meeting is held in each section where employees are able to discuss the previous day's activities and provide feedback to their supervisors. It is at these meetings, or *chokai* sessions, that everyone has an opportunity to participate in the company's affairs.

The strong communications links between staff and management on a variety of issues is vital to the culture that has been developed at Cumbernauld. It is this culture that resulted in Oki being presented with the Investors in People Award. At the ceremony, an assessor from Investors in People in Scotland said: "I have not previously come across a workforce that has been so motivated, committed and enthusiastic."

The 100 per cent commitment of staff and management has also brought tangible rewards in the form of new contracts. The key ingredient to such success is to select the elements that create the right working environment and to mould and build on them – not just to implement a rigid code that suffices business needs but does not take account of human requirements.

If the companies involved in your article had truly embraced the principles of *kaizen* and *chokai*, the outcome may might have been different. I encourage them to try again and invite them to visit our factory to see Oki's management style in action.

Christopher J Gill,
director,
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Hounslow,
Middlesex TW3 1HY

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

UK depends heavily on scientific endeavour

From Mr John C L Cox.

Sir, I find it astounding that throughout the recent debate on science education I have heard no forthright declaration that a dwindling interest in the sciences is against the interests of society. Equally astonishing is the lack of recognition of the inconsistency this represents in a society so heavily dependent on the fruits of scientific endeavour.

More young people than ever before are rejecting science education at A-level. Consequently, fewer are opting for science degrees unless obliged to do so by the unavailability of places on arts courses.

Much of the solution lies in how science is presented to young people. The quality of science teaching must be improved, and the portrayal of the role of science in society must be heightened to inspire young people to rise to its exciting challenges. Health, hunger, protecting the environment and employment are just some of the issues to which science holds the key.

The chemicals industry is a major wealth creator that depends on a supply of top-quality scientists. But other sectors, too, are major employers of science graduates.

Above all, a wider awareness of science will create better informed consumers which, in turn, will spur UK science-based industry to even greater achievements.

John CL Cox,
director-general,
Chemical Industries Association,
Kings Buildings,
Smith Square,
London SW1P 3JJ

Mail order houses should explain reasons for poor service

From Mr Martin E Simons.

Sir, Further to Mr Jonathan Price's letter ("Why is mail order so slow?", August 21/22), one explanation could be that some companies enjoy using Mr Price's money for 28 days or longer. Also, they may await orders before ordering stock from suppliers, thus passing on much of their business risk to the manufacturers, who then have to wait for their money.

Mail order houses must weigh the danger of being over-dependent on suppliers far away. Shipping in urgent stock by air is risky and costly.

Martin E Simons,
24 Granard Avenue,
London SW15 6HJ

From Mr P Cranford Smith.

Sir, While the mail order industry is absorbing Mr Price's richly deserved criticism, perhaps it will explain why some goods are available only on the UK mainland.

The postage is a notional sum, including packing, and must be similar, and we in the Channel Islands are not necessarily asking for relief from VAT. We pay extra anyway for most things, as half the traders leave VAT on and call it freight charges. We are not a foreign country, and we should have the opportunity to acquire goods that are on sale nationally but not readily available in our shops.

P Cranford Smith,
Copse Hill,
Le Valongis,
Alderney,
Channel Islands

Russian women have right to fair debate on abortion

From Ms Louis Baqueriza.

Sir, Your article on the right of abortion in Russia was disappointing ("Russia's woman face a new reign of fear", August 21/22 1993).

To assume, as Lore Cidylo does, that abortion is a "fundamental right" is to miss the point of the debate: to determine whether such right does exist or not.

Unsubstantiated statements more at home with a political pamphlet than the FT ("for women, democracy has turned out to be a painful disappointment", "Russian women say they will put up a vociferous legislative fight") are not useful to the debate.

And to suggest that democracy may "spell a setback to women's rights" reminds me of many a dictator.

Abortion is an extremely serious issue that deserves to be discussed both deeply and objectively and not in a sectarian way.

Louis Baqueriza,
Staronorodniskaya 4-B App 11,
Kiev 252015,
Ukraine

Defined capability to confuse

From Mr John MacKenzie.

Sir, Rupert Morris's article on good business writing ("Clearly, concisely and with feeling", August 11) reminded me of an example of verbosity I experienced some 20 years ago.

Answering a question on whether his branch could maintain a central registry of relationships (customers) for an American Banking Group, the manager started to say "we can". He managed to stop four-fifths of the way through this clear answer and said instead "it is within the limitations of our defined capability". Fortunately, I had got the gist of his reply from his first utterance.

John MacKenzie,
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Haywards Heath,
West Sussex RH16 1DN

TSB sells EuroDollar to management for £192m

By Vanessa Houlder

TSB Group yesterday announced that it was selling EuroDollar, the car rental company, to its management for £192m.

The sale is the latest of several disposals by TSB of businesses outside its retail banking core. In July, it sold Swan National Leasing, its vehicle contract hire business, to the leasing arm of Midland Bank for £182.5m.

Mr Peter Ellwood, chief executive of TSB, said the decision to sell stemmed from the belief that EuroDollar would be "somewhat isolated within the group structure" following the sale of Swan National Leasing and Swan National's motor group.

TSB is to receive sale proceeds of £59.9m, comprising cash of £22m in respect of EuroDollar's net assets and £37.9m in respect of inter-company debt. In addition, the purchase will repay existing debts of £58.1m. On March 31 1993, EuroDollar's net assets were £20.4m.

EuroDollar, which has 10 per cent of the UK market, has 12,000 vehicles and 106 branches. It also owns the EuroDollar network in 27 countries, operating over 40,000 vehicles. It is the largest provider of rental cars to the corporate sector in the UK.

EuroDollar was set up in 1973 by UDT, a credit financing business, which was bought by TSB in 1981.

In its last half year to March 31 1993, EuroDollar incurred a pre-tax loss of £7.9m, as the result of a deterioration in trading conditions in foreign subsidiaries in Italy and France.

Of the company's equity 40 per cent will be shared by 11 of EuroDollar's senior managers. The other equity investors are Prudential Venture Managers, Charterhouse Development Capital, Electra Private Equity Partners and Morgan Grenfell Development Capital, which together invested £60m.

Mr Freddie Aldous, chairman of EuroDollar, said it was "almost certain" that the company would be looking for a flotation within a few years.

Prudential Venture Managers said it was "an excellent time" for management buyouts as the UK economy emerged from recession.

See Lex

Coutts Consulting dispute continues

By Peter Pearse

THE DISPUTE between Coutts Consulting, formerly DC Gardner, and Mr Barry Topple, its former chief executive, is showing no signs of reaching a conclusion.

Yesterday Sir Kit McMahon, chairman, sent a letter to all shareholders saying that the career consultancy, outplacement and residential training group would make no further improvement to the conversion terms for the convertible preference shares.

He added that Coutts would not sell Eynsham Hall, a residential training centre, for which Mr Topple has made an offer and is keen to buy; that it was defending Mr Topple's claim against the company over compensation for the termination of his employment last year; and that it was pursuing its counter-claim against him for damages for £3.4m.

When contacted in Australia, Mr Topple declined to comment.

Coutts has one piece of its lengthy restructuring left to achieve – the reduction of the share premium account, so that ordinary dividend payments can recommence. The move was blocked on July 5 by holders of the convertible preference shares, of which Mr Topple owns 50 per cent and is a trustee for a further 20 per cent.

Agreement from 75 per cent of holders was necessary.

The board offered improved conversion terms – 66.67 ordinary for every 100 convertible preference, up about 40 per cent from the existing 47.62 – but in his letter Sir Kit said that the offer closed on August 6 with no acceptances.

In its results for the six months to June 30, released yesterday, Coutts made pre-tax losses of £5.24m, against profits of £930,000 last time. The figure was distorted by exceptional costs of £5.29m, relating to the sale of the banking and management training division to Euromoney Publications for £3.7m and the termination of a lease on a Docklands property in June.

Operating profits declined to £329,000 (£1.28m), with continuing activities contributing £1.13m (£1.35m), though a £200,000 write-down in the carrying value of a property for sale and £228,000 (£96,000) for redundancies and reorganisation were subtracted. Group turnover grew to £11.4m (£10.2m), with ongoing businesses higher at £9.42m (£7.46m).

Brent Intl £24m sale as profits drop to £0.93m

By David Blackwell

BRENT INTERNATIONAL, the speciality chemicals group, announced yesterday the sale of its electronics group for £24m as pre-tax profits dropped to £931,000 from a previous £6.4m.

At the same time Mr Stephen Cuthbert, the chief executive since 1981, resigned by mutual agreement. His compensation is thought to be around £250,000.

Mr Keith Hutchings, group finance director and acting chief executive, said Brent's performance had not been meeting either the company's or the shareholders' expectations for the last two years. The company is looking for a recruit with strong industrial experience.

In May shares in the group fell 30p to 99p after Lord Lane, chairman, told shareholders at the annual meeting that first half profits would be "significantly below" those achieved in the first half of 1992.

The shares closed 7p down at 116p.

In spite of the warning analysts were surprised by the extent of the retreat. Operating profits tumbled to £1.8m after taking into account redundancy and reorganisation costs of £1.6m and a charge of £475,000 for costs related to abortive acquisitions. Operating profits were £6.2m last time.

Mr Hutchings said the fall in operating profits reflected the downturn in the real volume of sales, a reduction of 20 per cent in gross margins, and a slight rise in overheads.

Brent is selling its electronics division to Cookson. It will receive £20m cash and Cookson's Trafficair division, a maker of industrial cleaning products for the transport industry worth £4m.

The electronics group, with net assets of £3.8m, had sales of £11.6m for 1992, and contributed £2m of the group's 1992 pre-tax profit of £11.5m.

Mr Hutchings said the sale would realise a pre-tax profit of £7m and reduce the group's debt from £21m to £1m. Tangible net worth would rise to £37m (£23m) after the disposal.

Group interest payable soared to £857,000 compared with a receivable of £132,000 previously. Mr Hutchings attributed this to payments both for acquisitions made in 1991 and capital expenditure.

After a high tax charge boosted by £450,000 of unrelieved ACT and the preference dividend payout of £540,000, the loss per share was 0.5p, compared with earnings per share of 5.3p last time. The interim dividend is maintained at 1.6p.

While turnover was up at £63.5m (£59.9m), the group said it was down 4 per cent in real terms after taking out the exchange rate factor.

Problem of growth in a shrunken market

As Royal Doulton heads for a quote, Peggy Hollinger looks at the fine china industry

JOSIAH Wedgwood, founder of the fine china company which bears his name, was keenly aware of the dangers of industrial espionage. To thwart snoopers he wrote down the results of thousands of experiments in a secret code.

Some things have changed in the 230 years since Josiah set up shop in Burslem, Stoke-on-Trent, but caution still rules the fine china manufacturers. People seeking to evaluate the industry will find few global figures or statistics.

The lack of information is one reason why the City is having such a difficult time deciding how to appraise a quoted fine china manufacturer, which Royal Doulton plans to become when it demerges from Pearson later this year.

Mr Alistair Smellie, an analyst with Lehman Brothers, says investors will have to take a broad brush approach to assessing the sector. "With the lack of information and limited quality available that is all one can do."

What is clear, however, is that fine china manufacturers have come through a devastating period of recession. Some estimate the market has shrunk by as much as 20 per cent in the last three years.

Mr Kneale Ashwell, chief executive of Wedgwood, says that in spite of widespread restructuring by most of the main players, the industry is still beset by overcapacity.

To make matters worse, fewer couples are getting married. Wedgwood estimates that the number of weddings – which account for between 40 and 50 per cent of its and other UK manufacturers' sales – have fallen by 8 per cent in the last two years alone. Today it is estimated that the international fine china and porcelain market is worth between £500m and £1bn a year.

That global market is divided between seven main players, including two of the world's most famous and long-established names – Wedgwood and Royal Doulton. The other five newer arrivals are Lenox of the US, Noritake of Japan, and Villeroy and Boch, Heutchenreuter and Rosenthal of Germany.

While Wedgwood and Royal Doulton are marginally larger with annual sales of about £200m, the rest are about the same size. Each holds a leading position in its domestic market, with the exception of Noritake which, besides a strong position at home, shares the number one spot in North America with Lenox.

The challenge facing these seven players is how to grow in what is undisputedly a mature industry. Although all seek to build stronger positions outside their home markets, and exports form some 60 per cent of the sales of the UK companies, manufacturers without brand advantage find it difficult to meet the demands of different national tastes.

The expensive and laborious china-making process – taking more than three days and up to 12 people to complete just one piece – means that the costs of introducing completely different shapes and designs for different markets would be prohibitive.

North America is one of the largest markets for fine china with annual sales in excess of £300m. However, with the exception of the Japanese it is also notoriously difficult for outsiders to break into. Tastes are for simpler, more casual ware at lower prices. Here, the Japanese excel, says Mr Ashwell. "They have given superior quality at very, very low prices," he says. The slim margins have put other potential rivals under intense pressure.

To make just one piece of fine china is an expensive process which can take more than three days and involve up to 12 people

Germany, which rivals North America in terms of market size, presents different problems. Lacking any real tradition of buying china, the Germans prefer the porcelain manufactured at home. Although companies such as Wedgwood and Royal Doulton have made some headway by playing on the cachet of the brand names, the German manufacturers have a virtual stranglehold on the market.

In the UK, efforts by the higher priced German manufacturers have largely failed in a conservative and price-conscious market. Similarly, the Lenox products do not appeal to more traditional English customers. Royal Doulton and Wedgwood claim 26 per cent of the UK market by value.

Japan presents yet different demands. While English speaking countries buy china mainly for weddings, the Japanese want to buy small gifts several times during the year. Here, brand name, generally English, and packaging are all important. Japanese tourists in the UK are also vital to the likes of Wedgwood and Royal Doulton. Mintel, the market researcher, estimates that tourists purchased some £156m of china and glassware in 1990.

Although the skilled nature of fine china puts some restrictions on the ability of manufacturers to meet the needs of different markets, Mr Ashwell is emphatic there are opportunities for growth. First, by speeding up the manufacturing process. Although fine china will always be a craft-based industry, technology is increasingly eliminating the need for skilled jobs such as glazing and plate-making.

Second, china makers are moving towards more utilitarian giftware and point to this market as one of the fastest growing parts of the industry. China products such as clocks, playing card boxes and frames are a few products recently introduced by Wedgwood to tap this market.

Third, the globalisation of brands means that differences in consumer taste are gradually being eliminated. "If you have some convergence as you had in the fashion industry," says Mr Kevin Farrell, chairman of the British Ceramic Manufacturers Federation, "that would be one solution to the problem of what lines to carry."

Finally, china makers are seeking to re-educate customers to use china every day, instead of just on special occasions. This means they will have to introduce more casual china and porcelain products.

There is a more controversial theory about where a few of the top seven may find growth. "I think we will see strategic alliances of various kinds that will decrease the number of players," says one industry insider. A single alliance could result in a clear leader twice the size of any of the others, he says.

One city analyst has already pinpointed a potential scenario. Lack of knowledge about the industry could cost Royal Doulton a premium rating, he suggests. Then, he says, "a Japanese or continental competitor may see it as pathetically rated and take it over."

Rights and placing at Wiggins to fund property acquisitions

By Vanessa Houlder, Property Correspondent

WIGGINS Group, a property developer which recently agreed a creditors' voluntary arrangement, yesterday announced a reverse takeover involving a financial reconstruction and the injection of several development properties.

Mr Stephen Hayklan, chairman of Wiggins, said that the deal marked the return of the merchant developer. Mr Oliver Iny, chairman of Clerkenwell Holdings, a private developer who will own 30.4 per cent of the company after the deal, wanted a quoted vehicle to take advantage of the upturn in the property market.

The deal involves a capital reorganisation, board changes, the acquisition of several development properties, a £1.6m rights issue and a £7m placing.

The money raised will be used to buy the site of a former hospital at Lincoln for a total of £6.4m from Castlegold, a company controlled by Mr Iny. The land has planning permission for 400 residential units, a hotel and two schools.

It has also acquired an option to buy from Castlegold a leisure site in Brent for £1.5m and the site of a former hospital in Bedfordshire for £8m.

The board changes include the appointment of Mr William Syson as non-executive chairman and Mr Iny, Mr Christopher Foster and Mr Lance Blackstone as directors.

RACI, a stockbroker, will place 280m new shares at 2½p per share. The rights issue of 63.5m shares at 2½p is on the basis of 4-for-1 and will not be underwritten.

Dixons exits UK property market via £28m deal

By Vanessa Houlder, Property Correspondent

Dixons Group, the retailer, has agreed to sell a portfolio of property to Legal & General, the assurance company, for £28.55m in cash.

The deal virtually completes Dixon's exit from the UK property market, which it announced in July 1992. Mr Robert Shrager, corporate finance director of Dixons, said that it had decided to pull out of the UK property market, which it entered in the mid-1970s, because of its highly speculative nature.

Dixons said it had no plans to dispose of its Continental European portfolio, which includes about £100m of property in Belgium, France, Luxembourg and Germany. It said this portfolio had been historically successful.

The portfolio includes about 30 properties in various sectors throughout the UK.

Brierley Investments disposes of half its Guinness Peat holding

By David Blackwell

BRIERLEY Investments (BIL), the New Zealand investment company once headed by Sir Ron Brierley, has sold half its shares in Guinness Peat Group, Sir Ron's UK investment vehicle, the Australian Stock Exchange reported.

BIL sold 65m shares, or 19.2 per cent of GPG's issued capital, at 62.5 Australian cents a share. It retains 63.7m shares –18 per cent of the capital.

GPG said on Tuesday, when announcing a rise in pre-tax profits from £3.15m to £6.75m, that it would be listed in Australia from Wednesday.

BIL said yesterday that now GPG had a listing in Australia it was appropriate to place half BIL's shareholding there. This would provide for wider participation and liquidity in the shares in that market.

BIL, from which Sir Ron was ousted as chairman several years ago, owned more than 60 per cent of GPG at the beginning of the decade. After restructuring and recapitalising, BIL reduced its shareholding to 40 per cent in 1991. The company said this had completed its direct role in GPG, and facilitated its new direction as an entrepreneurial investment company under the chairmanship of Sir Ron.

Correction

Courtaulds

Courtaulds, the chemicals group, is being sued by Flamemaster Corp. of the US for $75m. Courtaulds has said the suit was "without foundation". Yesterday's edition reported incorrectly that Courtaulds Textiles was the defendant.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Braime (TF&JH)	int	2.25	Oct 4	2.25	-	8.75
Brent Intl	int	1.6	Nov 22	1.6	-	7.4
Clondalkin	int	1.834‡	Oct 8	1.834	-	4.732
Lec Refrig	int	4	Oct 9	4	-	9
Shorco §	int	2.4	Oct 8	2.4	-	5.2
West Trust	fin	2.5	Nov 30	2.5	2.5	2.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Irish currency.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amt Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	101	95	Anglian Water Wrts	99	+2	-	-	-	-
120	F.P.	-	147	135	Bakyrchik	133		-	-	-	-
†150	P.P.	-	188½	150	British Telecom (P/Paid)	183½	+1	N15.6	1.4	4.4	20.9
100	F.P.	-	102	97½	EFM Small Co's. Tst.	100	+1	-	-	-	-
-	F.P.	-	58	52	Do. Warrants	54	+1	-	-	-	-
-	F.P.	-	5	3½	‡Eqinaus A	5		-	-	-	-
-	F.P.	-	156	149	Finsbury Smllr Co's. C	156	+3	-	-	-	-
65	F.P.	-	82	75	Flying Flowers	82		R01.3	3.2	1.6	18.6
-	F.P.	-	70	67	For & Col Special Inc	70		-	-	-	-
-	F.P.	-	46	42	Do Capital	46		-	-	-	-
-	F.P.	-	116	109	Do Units	115	-1	-	-	-	-
100	F.P.	-	113	101	Lazard High Inc Tst	113	+1	-	-	-	-
-	F.P.	-	68	52	Martin Currie Pac Wts	64		-	-	-	-
-	F.P.	-	28	18	Raglan Warrants	28	+1	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
-	F.P.	-	112p	103p	Aspray 8¼pc Cnv Pf	112p	+1¼
100	F.P.	-	108¼	105	Coats Viyella 6¼pc Cv Bds 2003	108¼	
-	F.P.	-	114	113	Ex-Lands 7½pc Cv Ln 2020	113	
100	F.P.	-	104¼	98¼	Greenalls 7pc Cv Bds 2003	104¼	+¼
-	F.P.	-	106½	104½	Nat Power 6¼pc Cv Bds 2008	104½	
-	F.P.	-	113¼	107¾	[illegible] 6¼pc Cv Bds 2008	113¼	+¼
-	F.P.	-	107½	107	[illegible] 6¼pc Bds	107½	+½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
10	Nil	27/9	4pm	1pm	Business Technology	4pm	+¼
75	Nil	3/9	20pm	3pm	Cassins Property	20pm	
8	Nil	1/9	3½pm	2½pm	‡Northumbrian Foods	3pm	
165	Nil	28/9	26pm	18pm	Sedgwick	23pm	-1
240	Nil	22/9	40pm	30pm	TT Group	38pm	+5
10½	Nil	27/9	1½pm	¼pm	‡Williers	¼pm	
1	Nil	4/10	½pm	¼pm	‡Wilton	½pm	

pm Price at a premium. † Price offered to public.
For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Aug. 23
- Last Dealings Sep. 10
- Last Declarations Nov. 25
- For settlement Dec. 6

3-month call rate indications are shown on page 9.

Calls in Allied Radio, Aminex, Aran Energy, Burton, Clyde Petrlm., Flextech, Medeva, Menvier-Swain, Midland & Scot. Res., MAI, Pentos, Pentland and Ramco Oil Services. Puts in Aminex, Eurocamp, Flextech, Ladbroke and Medeva. Double in Burton.

NEWS DIGEST

West Trust expands via £2.5m buy

IN A further step in its expansion into the food industry, in particular the ethnic food sector, West Trust is to acquire La Mexicana Quality Foods, a producer of Mexican food specialising in the production of tortillas.

Consideration amounting to £2.48m will be met via a placing and open offer of new ordinary shares. Some 8.2m shares have been placed by Bell Lawrie White & Co with institutional and other investors at 32p per share subject to a clawback by existing shareholders on a 5-for-11 basis.

Over the last three years to end-January 1993 La Mexicana's profits before exceptional items and tax have risen from £94,000 to £297,000. Turnover has risen from £700,000 to £1.37m.

West Trust also reported a swing from losses of £3.18m to profits of £129,000 pre-tax for the year to March 31.

The results reflected a "growing profit trend" from Bart Spices, acquired in 1992, and a £30,000 contribution from Veeraswamy's (Food Products) for the eleven weeks from acquisition to the year end.

Profits from the food division were counteracted by a further deterioration in tading conditions in the two textile subsidiaries.

Earnings emerged at 0.21p (losses 50.67p) and as forecast, the dividend for the year is maintained at 2.5p.

The directors intend to maintain this level of dividend for the current year and, dependent on half year results, commence payments of interims.

West Trust's shares rose 4p to 41p.

Surrey Group incurs £0.9m loss

Surrey Group, the USM-quoted bookmakers, ran up a loss of £937,000 pre-tax for the year to end-March. That compared with profits of just £5,000 last time.

Turnover declined from £49,571 to £47,081. Losses per share emerged at 0.48p (earnings 0.07p) and there is again no dividend.

The deficit before interest from the bookmaking activities amounted to £715,000 and profits realised from betting office sales and other income totalled £522,000.

That resulted in a net operating loss of £193,000.

The pre-tax results was struck after deducting interest of £744,000.

The directors said that since the beginning of the year trading conditions in the bookmaking industry had improved. They added that the group was currently trading at a "small profit" but warned that it was "too early to say whether this will lead to a return to net profitability for the current half year as a whole."

Lec suffers fall to £1.68m loss

Lec Refrigeration, the refrigeration equipment manufacturer, suffered pre-tax losses of £1.68m for the six months ended June 30 which reflected, it said, "the persistently disappointing economic climate in the UK". There were profits of £330,000 last time.

After a tax credit of £553,000 (£106,000 charge) losses per share were given as 18.58p against 3.54p earnings while, in view of the relative strength of the balance sheet, the interim dividend is maintained at 4p.

Turnover for the six months rose slightly from £19.34m to £19.61m.

The directors stated that while market share had been maintained, that was only at the expense of reduced gross margins.

Baillie Gifford net asset value ahead

Baillie Gifford Shin Nippon had a net asset value per share of 179.8p at July 31 compared with 123.1p six months earlier. Diluted, the values are 158.6p and 111.1p respectively.

After tax of £13,314 (£10,491) half year losses were £30,855 (£45,463 restated), equivalent to losses per share of 0.19p (0.28p).

Scottish Investment asset value 254.1p

The net asset value per share of Scottish Investment Trust stood at 254.1p at July 31. At the October 31 1992 year end the figure was 217.3p.

For the nine-month period to July pre-tax revenue amounted to £13.7m.

Chillington talks on Anglo-Eastern stake

The directors of Chillington Corporation, tools, trading and plantations group, stated that they are in discussions with a number of parties which may or may not lead to an offer being made for either its whole interest or a substantial part of its 49.2 per cent stake in Anglo-Eastern Plantations.

Anglo-Eastern directors said it was possible that any such sale may lead to an offer being made for the whole of Anglo. Anglo's shares rose 11p to 59p while those of Chillington put on 3p to 35p.

Clondalkin declines to I£4.64m

Low raw material input prices, weak demand and severe price competition continued to affect first half trading at Clondalkin Group, the Dublin-based printing and packaging group.

In the half year ended June 30 profits fell from I£6.17m to I£4.64m pre-tax on turnover of I£74.3m (I£74.8m). Earnings slipped to 8.03p (11.01p) per share while the interim dividend is maintained at 1.834p.

Mr Domhnall McCullough, chairman, said there were rationalisation costs of I£400,000 in the period. Cost reduction programmes, investment in new equipment and renewed marketing strategies had been implemented to lower unit costs and increase sales.

He added that with a strong balance sheet and net cash the company continued to pursue acqusition opportunities.

Pressings side leaves Braime lower

Pre-tax profits of TF&JH Braime (Holdings), the finished metal products, forging, pressing and stamping group, fell from £214,090 to £155,099 for the half year to June 30.

Turnover improved from £2.78m to £3.3m. The fall in profits was due primarily to weak demand for products of Braime Pressings in the first quarter which left the subsidiary in loss for the half year.

Currently, there are signs of recovery in demand for products of the pressings business. The directors said, however, that "this gradual improvement, even if sustained, may have come too late to enable us to reach last year's level of profitability for the full year."

The interim dividend is being maintained at 2.25p from earnings per share of 6.9p (9.65p).

Shorco declines to £80,000

Profits of Shorco Group Holdings fell from £105,000 to £80,000 pre-tax for the half year to end-June. Turnover declined by £224,000 to £3.33m.

A same-again interim dividend of 2.4p is being paid from earnings per share of 1.7p (2.3p).

The USM-quoted company has interests in trench support systems and allied equipment and trades almost exclusively within the construction sector.

The directors said that although the UK economy as a whole was believed to be showing signs of improvement, the level of activity of the construction sector had "so far shown little change."

Margins were expected to continue under pressure.

Boulton & Paul buys stair maker

Boulton & Paul, the joinery company bought out by its management from BET earlier this year for £14.5m, is acquiring TSM Joinery from Axis International for an undisclosed sum.

Based in Lincolnshire, TSM, a stair manufacturer, has sales of joinery products worth about £2.5m a year, including over 150 flights of stairs a week for the domestic housing market.

With a view to seeking a flotation within the next two to three years, Axis International, the Surrey-based investment and consultancy group, has appointed Beeson Gregory as its financial adviser.

Axis acquired TSM Joinery from the receiver in March 1992.

PUBLIC WORKS LOAN BOARD RATES

Effective August 24

Years	Quota loans* EP†	AI††	at maturity§
1			5¾
Over 1 up to 2	5¾	5¾	6¼
Over 2 up to 3	6	6	6¾
Over 3 up to 4	6¼	6¼	6¾
Over 4 up to 5	6½	6¾	6⅞
Over 5 up to 6	6¾	6½	7⅛
Over 6 up to 7	6½	6¾	7¼
Over 7 up to 8	6¾	6¾	7½
Over 8 up to 9	6¾	6¾	7⅝
Over 9 up to 10	7	7	7¾
Over 10 up to 15	7⅝	7⅝	8
Over 15 up to 25	8	8	8⅜
Over 25	8½	8½	8½

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. ††Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). §With half-yearly payments of interest only.

M T W T F S S

ECONOMIC DIARY

TODAY: Azerbaijan due to hold national referendum of confidence in fugitive president Mr Abulfaz Elchibey.

TOMORROW: Taiwan and China are expected to start talks in Beijing on a wide range of issues including the repatriation of illegal Chinese immigrants. 1993 British Association Science Festival in Keele (until Friday).

MONDAY: US new home sales (July); balance of payments (second quarter 1993). Eleventh round of the Middle East peace talks in Washington. International peace conference on Bosnia resumes in Geneva. Industrial and technological show opens in Johannesburg (until September 3).

TUESDAY: Monthly digest of statistics (August); economic trends (August). US consumer confidence (August). TNC steering body of the Gatt Uruguay Round trade negotiations meets in Geneva to launch a work programme for September. Russian troops due to complete withdrawal from Lithuania.

WEDNESDAY: Overseas travel and tourism (June). Advance energy statistics (July). US gross domestic product (second quarter-preliminary); NAPM (August); construction spending (July). Launch of Sky multi-channel in London.

THURSDAY: Details of employment, unemployment, earnings, prices and other indicators. Cyclical indicators for the UK economy (July-second estimate). UK official reserves (August). US jobless claims. Interim results from Swiss Bank Corporation, Bowater, Cookson, Burmah Castrol, Rolls-Royce and Vickers.

FRIDAY: Family spending 1992. Monetary statistics (including bank and building society balance sheets; bank and building society sterling lending and M4 quarterly sectoral analysis; MO figures (August). Bill turnover statistics (July). Sterling commercial paper (July). Money market statistics (July). London sterling certificates of deposit (July). Women's ready-to-wear fashion shows in Paris (until September 6). Interim figures from Pearson.

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied-Lyons	600	48½	58	66½	7½	19	24
(*632)	650	17	30½	39	28½	44	48½
Argyll	330	22½	30	37½	9½	17½	21½
(*339)	360	8	16	23½	27	35	37½
ASDA	57	11½	-	-	1½	-	-
(*66)	67	4½	-	-	5	-	-
Brit Airways	345	24	34	-	12	21	-
(*355)	360	18	28	34½	19	28½	33
Smkl Bchm A	480	25	38	48½	19	30	34½
(*491)	500	9½	22½	32	45½	54	58½
Boots	460	40	48	57	6½	13½	18½
(*488)	500	14½	24	34½	23	32	37
BP	300	26	33½	38	3½	8½	12
(*320)	330	9	16½	22	17	22	25½
British Steel	110	11	15½	19	6	9½	12
(*114)	120	5½	11	14½	12	15	17
Bass	500	23	32	40½	18½	30	37
(*502)	550	6	12	21	50½	66	70½
Cable & Wire	800	63	79½	98	8½	19½	25½
(*845)	850	31	49½	65½	27	39½	47
Courtaulds	550	32	44	56	13	22½	28
(*566)	600	9½	20½	32	43	50	55½
Comm Union	580	46	-	-	6	-	-
(*612)	629	15½	-	-	27	-	-
GKN	460	40	-	-	7½	-	-
(*495)	500	16	-	-	26	-	-
ICI	681	38½	57	-	16	25½	-
(*696)	750	8	23½	31½	59	65	78
Kingfisher	650	39	58½	71½	16	24	28
(*677)	700	11½	31	44	40½	48½	53
Land Secur	650	42½	54½	66	8	18	24
(*677)	700	14	28½	40½	32½	43½	48½
Marks & S	360	25	32½	40	7	12	15
(*377)	390	8½	16½	24	20	26	29
NatWest	460	46½	58½	62½	4½	11½	17
(*496)	500	18	33½	38	18	27	35
Sainsbury	500	29	40	51½	13	22½	27½
(*511)	550	7½	18	28	44	51	55½
Shell Trans.	650	31	46	52	9½	17	27
(*677)	700	7	22	27	39	44½	53½
Storehouse	220	14	20½	24½	7½	13½	15½
(*224)	240	5	11	15	20½	25	27½
Trafalgar	110	8	13	16½	6	11	13
(*111)	120	5	8½	12	13	17	19
Unilever	1050	52	70	88½	17½	30½	44
(*1074)	1100	25	45	58	43½	55½	68
Zeneca	700	33	50	58½	24½	33½	47
(*713)	750	12½	28½	33	57	63½	78½
Option		Oct	Feb	May	Oct	Feb	May
Grand Met	420	43	55	60½	4	13½	17
(*457)	460	18	30	37	18	30½	34½
Ladbroke	200	11½	19	22	12½	18	24½
(*203)	220	4	11½	13½	27	31	37
Utd Biscuits	360	13	25	28½	26	33	42½
(*379)	420	5	14½	18	48½	54½	62½
Option		Oct	Dec	Mar	Oct	Dec	Mar
Fisons	160	25	28	31½	3	7	11
(*179)	180	11½	15	21	10½	16	20½

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero	420	58½	74	82	22½	33	43
(*450)	460	36½	56	64	42	54½	63½
BAT Inds	450	42	53½	-	7½	13½	-
(*478)	475	25	37½	-	17½	24	-
BTR	390	18	28	31	13½	18½	23
(*396)	420	6	14½	17	33½	36	40½
Brit Telecom	420	23½	28½	35½	11½	18½	21
(*426)	460	7	11½	17½	37	43	44½
Cadbury Sch	460	33	44½	48½	11½	16½	24½
(*480)	500	13	24	28	33	37½	46
Eastern Elec	500	49½	57	63½	5½	12	14½
(*536)	550	18	27½	34½	25	33	36
Guinness	500	34	48½	55½	17	24½	33½
(*515)	550	11	24	31½	46½	53	61
GEC	330	37½	42½	48½	3½	7	9
(*359)	360	17	24	30	13½	18½	21½
Hanson	260	10	16½	18½	11	15½	18
(*261)	280	4	7	10½	25	28½	31
Lasmo	140	21½	27	30½	6½	9½	12
(*153)	160	11½	17½	21	17	20	22½
Lucas Inds	140	23	26½	29	4½	7½	9½
(*159)	160	9	14	17	14	17	19½
P & O	600	57½	68	75½	14	22	34
(*647)	650	25	41	49	37	46	58½
Pilkington	140	22½	24½	27	4	7	9
(*156)	160	9	13	15½	11½	17	18½
Prudential	330	19	27	30½	10	18½	22
(*338)	360	6½	14	16½	31½	34	39½
RTZ	700	57	74½	82	12½	19	25½
(*735)	750	28½	44½	53	33	41½	48
Redland	500	53	62	69½	12½	18	32
(*540)	550	22½	34	43	36	41	57½
Royal Insce	300	42	48	38	3	6	15½
(*318)	330	19	27	-	10	16½	-
Scot & New	460	38	-	-	8½	-	-
(*482)	500	15½	-	-	28½	-	-
Tesco	220	22	29	32	6½	13	16½
(*234)	240	10½	18	21½	16½	23	26½
Vodafone	550	53½	65	75	15½	24½	29½
(*578)	600	25½	38	48½	38	49½	54
Williams	330	28	38½	40½	9	14	21
(*350)	360	12½	21½	25½	25½	29½	36
Option		Nov	Jan	Apr	Nov	Jan	Apr
BAA	800	45	53½	65	19½	29	34½
(*816)	850	21½	29½	44	47	55½	61
Thames Wtr	500	52	54½	62½	5	8	11½
(*542)	550	18	23	32	25½	29	32
Option		Sep	Dec	Mar	Sep	Dec	Mar
Abbey Natl	390	22	34½	42½	3	11	18½
(*406)	420	5	17½	26	17	25	33½
Amstrad	30	5	7	8	1	2	3
(*33½)	35	2	4	5½	2½	4½	5½
Barclays	500	17½	35	46½	7	18	27½
(*508)	550	2	13	22½	44	48½	55½
Blue Circle	260	13	22	29	5	16	21
(*267)	280	3½	12½	19½	16½	28	32
British Gas	330	8½	14½	22	5	16	20½
(*330)	360	1	6	10	30½	38	39½
Dixons	220	20	30	36	2½	9½	15
(*236)	240	7	18	25	10½	19	24½

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Eurotunnel	450	29	57	-	12	31	-
(*476)	500	9½	35	-	37½	57	-
Glaxo	550	45	63	-	5	36½	-
(*589)	600	13	35	-	25	53	-
Hillsdown	160	11½	18	23	3	9½	13
(*167)	180	2½	8½	12	15	22	25
Lonrho	120	12	18½	22	2	6½	9½
(*129)	130	5	13	17	5½	11½	15
HSBC 75p shs	700	42	69	-	8½	28½	-
(*733)	750	13½	43½	-	53½	53½	-
Natl Power	360	12½	25½	31½	4	11½	17½
(*387)	390	1½	12	17½	24½	29½	33½
Reuters	1550	35½	97	-	28	67	-
(*1553)	1600	14½	70	-	58½	93½	-
Rolls-Royce	160	5½	11½	-	5½	13	-
(*160)	180	1	6	-	22	27	-
Scot Power	350	16½	28	-	2	8	-
(*362)	390	1	8½	13	28½	30½	34
Sears	110	5	9	12	2½	6	7
(*112)	120	1½	4½	7	8½	12½	13½
Forte	220	17	24	30	2½	9	14½
(*235)	240	5	13½	21	9½	19	25
Tarmac	140	19½	24	28½	1½	8	10½
(*157)	160	5	13	18	7½	17½	20½
Thorn EMI	1000	23	57	71½	14½	35½	47
(*1005)	1050	4½	32½	48	48	62	74
TSB	200	7½	16½	21	4½	10	14½
(*203)	220	1½	8	12½	19	22	26½
Tomkins	240	8	18	24	6	13½	17
(*242)	260	2	10½	15	21	25½	29
Vaal Reefs	70	7½	15½	-	3½	10	-
(*573)	80	3½	11	-	10	15½	-
Wellcome	700	51	74½	93½	6	30	41½
(*742)	750	17½	47	67	25	54½	65½

EURO FT-SE INDEX (*3108)

	2925	2975	3025	3075	3125	3075	3225	3275
CALLS								
Sep	185	137	91	59½	36	9	2½	1
Oct	194	150	110	77½	49½	28½	15	7½
Nov	211	170	133	101	73	51	34	21½
Dec	230	-	154	-	92	-	47½	-
Mar †	284	-	194	-	135	-	89½	-
PUTS								
Sep	2½	5	9	20½	42	77½	118	166
Oct	9½	15	24	39	61	90½	127	168
Nov	16	24½	37	53½	75	102	134	171
Dec	27	-	49½	-	85½	-	139	-
Mar †	50½	-	77	-	115	-	165	-

FT-SE INDEX (*3108)

	2900	2950	3000	3050	3100	3150	3200	3250
CALLS								
Sep	210	162	114	73½	38½	16	5	1½
Oct	219	174	132	92½	61½	37½	20½	10½
Nov	234	190	153	119	88	63	41½	27
Dec	250	209	172	137	106	80½	57½	41
Jun †	308	-	241	-	180	-	133	-
PUTS								
Sep	1½	3	6	13½	31	62½	102	152
Oct	7½	11½	19½	30	50	78½	118	152
Nov	15	22	33½	47½	67½	93½	121	161
Dec	23	32	43½	59½	78½	103	131	167
Jun †	64½	-	96	-	133	-	184	-

August 27 Total Contracts 34,826
Calls 13,987 Puts 10,839
FT-SE Index Calls 5,875 Puts 3,124
Euro FT-SE Calls 1,063 Puts 1,507
*Underlying security price. †Long dated expiry mths.
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	33	HSBC (75p shs)	54	Ratners	4	Brit Land	33
Allied-Lyons	45	Charter Cons.	55	Hanson	17	Reed Intl	52	Land Sec.	53
Amstrad	3½	Comm Union	46	ICI	45	Sears	7½	MEPC	37
Astec (BSR)	3½	Courtaulds	42	Ladbroke	15	Smkl Bchm A	34	■ OILS	
BAT Inds	39	Eurotunnel	40	Legal & Gen	38	TI	28	Arcon Intl.	6
BOC	49	FKI	12	Lex Service	34	TSB	15	Aviva Pet	9
BT	28	FNFC	9	Lloyds Bank	45	Tesco	17	BP	23
BTR	28	Forte	17	Lonhro	10½	Thorn EMI	75	Burmah Castrol	60
Barclays	38	GKN	40	Lucas Inds	12	Tomkins	18	Premier Cons	2½
Blue Circle	21	Gen Accident	52	Marks Spencer	27	T & N	18	Shell	46
Boots	40	GEC	25	NatWest Bank	28	Unilever	72	■ MINES	
Bowater	37	Glaxo	40	P & O Dfd	50	Vickers	12	RTZ	52
Brit Aerospace	28	Grand Met	36	Racal Elect	20	Wellcome	52		
British Steel	10	GRE	17	Rank Org	53	■ PROPERTY			

FT FIXED INTEREST INDICES

	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Year ago	*High	*Low
Govt Secs (UK)	102.16	101.45	101.63	101.51	101.58	87.04	102.38	93.28
Fixed Interest	124.03	123.80	123.96	123.97	123.93	103.19	124.54	108.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 124.54 (18/8/93), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Aug 26	87.6	92.6
Aug 25	97.6	95.4
Aug 24	93.2	98.0
Aug 23	92.5	100.1
Aug 20	92.4	101.6

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

Price rise may stall coffee scheme

AFRICAN COFFEE producers could chalk up a notable victory in their battle against depressed prices without firing a shot if the world market sustains its present bull run.

The continent's producers of robusta coffee agreed earlier this month to join in a scheme drawn up by Latin American producers of the milder arabica beans to withhold 20 per cent of their production from the market until prices recovered to a more acceptable level. But a market upturn in anticipation of the scheme, which is to come into operation on October 1, has already brought prices to the level at which retention would be scaled down to 10 per cent; and any substantial further gains could result in the scheme being suspended before it comes into force.

Under the terms of the scheme the full 20 per cent would be retained while the 15-day average of the International Coffee Organisation's robusta indicator price was below 60 cents a lb; between 60 cents and 65 cents 10 per cent would be retained; and above that level retention of robustas would be suspended.

Thursday's 15-day robusta average was 58.38 cents a lb, but with the daily price at 62.13 cents the market only had to stay where it was to bring the average up to the 10 per cent trigger level and within hailing distance of the suspension level.

"If prices remain where they are now they will not be retaining much [robusta] coffee," one trader commented to the Reuter news agency yesterday.

Meanwhile the London Commodity Exchange'e robusta futures market was adding to its already impressive recent gains. The November position yesterday reached a fresh 2¼-year peak of $1.335 a tonne before closing at $1,281, up $19 on the day and $79 on the week. The price was $463 above the low reached just four and a half months ago.

With the retention scheme already discounted in market prices this week's advance was largely attributable to deepening concern about the availability of good quality robusta beans for delivery against the large open position at the LCE. As speculators who had sold the market short in the hope of squaring their positions at lower prices ran for cover the premium for the prompt September position over December futures climbed to $57 at yesterday's close, up from $28 at the end of last week.

The cocoa market needed no technical factors to keep its uptrend going. With both chart patterns and fundamental factors pointing northwards the December futures position at the LCE had little difficulty in brushing aside the psychological barrier at £800 a tonne on the way to a 22-month high of £831 a tonne at yesterday's close, up £21 on the day and £52 on the week.

The rise was not uninterrupted – fears that the market was becoming overbought prompted moderate bouts of selling on Wednesday and Thursday – but buyers remained in the ascendancy as continuing concern about growing conditions in the Ivory Coast and Ghana (which produce about 40 per cent of the world's cocoa crop between them) strengthened the conviction that there would be a third consecutive overall crop deficit this year.

Having moved tentatively towards the upper end of its recent narrow trading range last week, the gold market put up little resistance this week to speculative pressure aimed at breaking the other end of the range. The $370-a-troy-ounce support point gave way on Thursday under the weight of concerted selling by New York speculators. That triggered selling orders from the computer-controlled US investment funds and the price dipped to $265 an ounce at one stage. It rallied to $369 at yesterday's close, still $4.25 down on the week.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+15,300	to 2,041,700
Copper	+3,000	to 517,250
Lead	+50	to 278,000
Nickel	+972	to 106,260
Zinc	+6,800	to 762,500
Tin	+75	to 21,410

The ups and downs of the gold price were magnified in the platinum market, with the price ranging between $466 and $481.50 an ounce before fixing yesterday afternoon at $469.50, down $9.50 on the week. But for palladium, platinum's sister metal, it was one-way traffic as the US investment funds that lifted the metal's price to a four-year peak of $146 an ounce in July turned against the market. It ended at $120 an ounce, down $16.75 on the week.

Mr Jeremy Coombes, author of Johnson Matthey's platinum group metals market surveys, said physical supply of the metal was tight and JM still expected a supply deficit this year. He suspected that the Japanese had been hoarding physical palladium because "the yen price has been pretty low".

At the London Metal Exchange the copper market continued to defy bearish fundamental factors, aided by technical tightness on supplies available for early delivery. The cash/three months delivery premium (a reflection of the squeeze), which ended last week at $33 a tonne, widened to $42 at one stage before closing in to $38 at yesterday's close. The market appeared to ignore a 9,800-tonne rise in LME warehouse stocks as the three months price rose $27 on the week to $1,931.50 a tonne.

The exchange's biggest loser was again the nickel market, which ended at a fresh six-year low of $4,545 in the three months position. But tin was not far behind, a $176 fall on the week taking the three months price to $4,737.50 a tonne at yesterday's close. Early in the day the price had followed the Kuala Lumpur market downwards, reaching a fresh 20-year low of $4,695 a tonne. But it steadied on short-covering.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Aug 27	Day's change %	Thu Aug 26	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	128.81	+0.14	128.63	1.61	7.91
2	5-15 years (23)	155.95	+0.78	154.74	1.66	9.24
3	Over 15 years (9)	175.20	+1.24	173.05	1.30	8.55
4	Irredeemables (6)	204.55	+1.51	201.50	2.53	8.47
5	All stocks (62)	151.31	+0.69	150.27	1.60	8.75
	Index-Linked					
6	Up to 5 years (2)	187.07	+0.10	186.88	0.47	3.41
7	Over 5 years (11)	181.70	+0.33	181.10	0.80	3.42
8	All stocks (13)	181.37	+0.31	180.82	0.76	3.41
9	Debs & Loans (65)	143.28	+0.55	142.50	1.99	7.62

AVERAGE GROSS REDEMPTION YIELDS

			Fri Aug 27	Thu Aug 26	Year ago (approx.)	1993 High		1993 Low	
	British Government								
1	Low	5 years	6.33	6.40	9.14	7.22	29/4	6.33	19/2
2	Coupons	15 years	7.06	7.18	9.14	8.37	12/1	7.06	27/8
3	(0%-7¾%)	30 years	7.20	7.33	9.14	8.64	20/1	7.20	27/8
4	Medium	5 years	6.48	6.54	9.89	7.56	11/1	6.45	17/8
5	Coupons	15 years	7.21	7.34	9.42	8.83	19/1	7.21	27/8
6	(8%-10¾%)	20 years	7.30	7.42	9.30	9.05	20/1	7.30	27/8
7	High	5 years	6.67	6.74	10.13	7.78	11/1	6.64	17/8
8	Coupons	15 years	7.44	7.57	9.66	9.11	20/1	7.44	27/8
9	(11%-)	20 years	7.47	7.59	9.50	9.20	20/1	7.47	27/8
10	Irredeemables(Flat Yield)		7.40	7.51	9.35	9.05	20/1	7.36	18/8
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.51	2.51	4.64	3.03	25/5	1.82	12/2
12	Inflation rate 5%	Over 5 yrs.	3.26	3.27	4.72	3.89	14/1	3.26	27/8
13	Inflation rate 10%	Up to 5 yrs.	1.71	1.71	3.88	2.31	17/6	0.92	12/2
14	Inflation rate 10%	Over 5 yrs.	3.08	3.09	4.53	3.72	14/1	3.08	27/8
15	Debs &	5 years	7.69	7.79	11.10	8.97	4/1	8.41	16/3
16	Loans	15 years	8.12	8.19	10.77	9.94	19/1	9.14	10/3
17		25 years	8.27	8.33	10.59	10.10	19/1	9.38	10/3

INTERNATIONAL COMPANIES AND FINANCE

SCA to raise SKr1.4bn after surge in profits

By Christopher Brown-Humes in Stockholm

SCA, Sweden's second largest forestry group, yesterday became the latest Swedish company to announce a large rights issue as it unveiled a dramatic jump in first-half profits to SKr550m ($68.1m) from SKr94m.

The group is seeking to raise SKr1.4bn to fund SKr3bn in new investments. Its biggest investment will be in a newsprint plant at Aylesford in south-east England where its share of a SKr3bn expansion project is expected to cost SKr1.5bn.

SCA also plans to convert a newsprint machine in Sweden to higher quality coated paper production at a cost of SKr1.25bn and to spend SKr350m on adding recycling capacity to a plant in Austria.

The group said cost-cutting, the weaker Swedish krona and volume growth lay behind its improved first-half result which was achieved on a 7 per cent increase in net sales to SKr16.75bn. It noted that all its paper mills were profitable, but its Swedish pulp mill remained in the red.

The biggest turnround was achieved by SCA Graphic Paper, which swung to an operating profit of SKr56m from a SKr159m loss, while its Mölnlycke hygiene division strengthened operating profits to SKr530m from SKr355m.

SCA was cautious about prospects, noting that economic trends in the US and Europe had developed less favourably than it had hoped.

It now expects a full-year profit of between SKr1.1bn and SKr1.3bn, a refinement of its earlier prediction of a SKr1bn to SKr1.5bn profit.

SCA is the fourth big Swedish group to announce a rights issue in the last two weeks, following forestry sector rival MoDo and two of the country's leading banks.

Worries that the spate of new issues is beginning to soak up market liquidity together with the company's cautious tone about prospects contributed to a slight easing of its share price, which fell SKr2 to SKr129.

SCA said it hopes shortly to finalise a joint venture with Mondi Europe, largely owned by South African interests, to expand newsprint production capacity at Aylesford.

IBM's PC unit makes strong headway

By Louise Kehoe in San Francisco

THE IBM Personal Computer company, formed a year ago as an independent unit within IBM, has achieved significant gains in worldwide market share, according to independent market research, ending several years of decline.

IBM's success appears to have come largely at the expense of smaller PC manufacturers. However, the problems faced by Apple Computer and Dell Computer, which have seen their profits slump, also reflect the increasing competitiveness of IBM PC, according to industry analysts.

IBM is expected in increase its share of the $68bn worldwide PC market by almost 2 per cent this year to 12.5 per cent, measured by unit sales, according to IDC. That would translate into increased sales of roughly $1.36bn, at retail value, the market researchers said.

IBM PC, which had sales of $9.8bn in 1982, has "regained momentum with competitive products priced far more aggressively than in the past", said Mr Bruce Stephen, IDC director of PC hardware research.

"IBM has pulled off a turnround in its PC business that is dramatic given how fast it happened and considering the size of the business."

ABN pays more, plans rights

By Ronald van de Krol in Amsterdam

ABN Amro, the Netherlands' largest bank, yesterday reported strong first-half profits and announced plans for a rights issue of convertible preference shares to raise almost Fl 1.3bn ($665m).

The bank said issue would go ahead next month with the preference shares priced close to the level of its ordinary shares which closed yesterday at Fl 67.20. Holders of ordinary shares will be given pre-emptive rights to the new shares.

The bank's net profits rose to Fl 1.01bn for the first half of 1993, compared with Fl 672m a year ago, and the interim dividend is going up to Fl 1.45 a share from Fl 1.40 last year.

The bank said it expected to see increases in both gross and net profit for the full year.

ABN Amro's first-half results partly reflected buoyant conditions on European stock markets and hectic conditions on foreign exchange markets.

Income from foreign exchange trading jumped by 133 per cent to Fl 294m, while securities trading income rose by 26 per cent to Fl 314m.

Total income stood at Fl 6.78bn, a 9.8 per cent rise on the first half of 1992. Expenditure rose by 7.8 per cent to Fl 4.5bn.

ABN Amro, created out of a merger in 1990, said it had suffered a slight setback in planned savings on staff costs but added that the process of integrating the two banks was proceeding according to schedule. The bank expects to realise savings of Fl 500m a year from 1995 onwards because of the link-up.

The bank's European results showed the strongest rise, with gross results nearly doubling to Fl 360m from Fl 188m a year earlier. The Netherlands, still the bank's single most important market, produced a 10.7 per cent increase in gross profit to Fl 1.37bn.

North American results fell by 10.4 per cent to Fl 370m, but the bank said this region would have posted a substantial improvement if it had not been for a provision for debt securities.

Mitsukoshi warns of Y2.3bn pre-tax loss

By Emiko Terazono in Tokyo

MITSUKOSHI, the leading department store, yesterday warned of a pre-tax loss for this year, becoming the latest victim of the troubles hitting Japan's luxury retail industry.

The retailer said it would post a non-consolidated pre-tax loss of Y2.3bn for the year to February, 1994, falling into the red for the second consecutive year. Mitsukoshi had earlier estimated a pre-tax profit of Y2.5bn for the year.

Consumers are moving downmarket against a background of slow economic recovery and department store profits have fallen in contrast to business at discount retailers.

Turkey's largest steel cable group seeks backer

By John Murray Brown in Istanbul

CARNEGIE International, the London securities house, has been mandated to find a buyer for a controlling stake in Çelik Halat, Turkey's largest steel cable manufacturer.

Carnegie and Mr Artif Cezairli of Toros Securities, an Istanbul broker, have been formally approached by Mr Nasrullah Ayan of Turkinvest, Turkey's best-known corporate raider, to sell what is believed to be a near 50 per cent stake worth about $20m.

The sale could effectively bring to a close a year of intense stock market speculation for Çelik Halat which has been at the centre of a number of takeover rumours. Brokers anticipate a round of Turkish mergers as companies look for foreign partners ahead of the move to customs union with the European Community in 1995.

Celik Halat, which has 70 per cent of Turkey's steel cable market, earned revenues of around $45m in 1992. Exports accounted for 30 per cent of group sales.

Mr Cezairli confirmed that a number of Europe's leading steel manufacturers were potential bidders but declined to give the names of companies already approached.

Mr Ayan is putting his stake in Celik Halat up for sale after failing to secure control of the company.

ATT in talks with cable TV groups

By Martin Dickson in New York

AMERICAN Telephone & Telegraph, the US communications and computer giant, is holding preliminary talks with leading US cable television and local telephone companies aimed at AT&T providing the backbone for a national, interactive multi-media communications network.

The talks are the latest sign of the rapid convergence of the telecommunications, computer and entertainment industries as the US prepares for a time when homes will be able to receive video phone calls, movies on demand, and extensive home shopping. Cable TV companies and local telephone operators are locked in a battle to develop this market.

An AT&T spokesman yesterday cautioned that the discussions were at a very preliminary stage and "it would be wrong to characterise them as negotiations".

Mattel challenges for top toy spot

Karen Zagor on benefits of the US group's merger with Fisher-Price

THE merger with Fisher-Price will transform Mattel, the number two US toy-maker, into a worthy rival to industry leader Hasbro, swelling Mattel's market share from 11 per cent to 15 per cent, just short of Hasbro's 16 per cent share.

The next biggest company is Tyco, accounting for 5 per cent of the market, according to Mr Gary Jacobson, analyst at Kidder Peabody. "I think we will continue to see smaller acquisitions," says Mr Jacobson, "but there is nothing left of this magnitude." Tyco, which posted losses for the first half of this year, is considered too troubled to be attractive to Mattel or Hasbro.

Mattel, once an unstable performer in an industry noted for its volatility, has posted steady gains in sales and earnings since 1990. The company owes much of its strength to the success of core brands, notably the Barbie doll, Mattel's 34-year old fashion doll which last year accounted for around 50 per cent of sales.

The company, which last posted a loss of $113.2m in 1987, has found stability by discarding non-toy assets, cutting overheads and personnel and focusing on core products at the expense of more faddish toys. Last year, it earned $143.8m, up from $117.2m in 1991 and $95.5m 1990. But some analysts say Mattel is too reliant on the Barbie doll.

The Fisher-Price deal will ease some of these concerns, reducing Barbie's share of sales to just under 39 per cent for the combined company with Fisher-Price contributing an additional 30 per cent of sales. Mattel's other mainstay lines – Disney-based pre-school toys and the Hot Wheels car line – will account for 10 per cent and 5 per cent of company sales respectively.

Fisher-Price, which is the dominant player in the infant and pre-school end of the business, will help bolster Mattel's toy lines in this area. This is particularly important because Mattel's Disney infant/pre-school line has been one of its weaker areas.

Mattel hopes to broaden Fisher-Price's overseas sales with the help of its own distribution channels – about half of Mattel's sales are outside the US, compared with 25 per cent for Fisher-Price.

"We also see opportunities with regards to manufacturing facilities," says Mattel. "We have looked at two Fisher-Price plants in the US and think we can put some Mattel products, currently produced by vendors, into these plants."

Fisher-Price, with a product range including Chatter Telephone, Play Desk and a wide range of playsets, has been seen as a likely takeover candidate since 1991, when it was spun off from Quaker Oats.

It earned $41.3m last year, up from $14.6m in 1991, but some toy analysts have long felt that Fisher-Price needed big player muscle to remain wholly competitive. Mattel, which had approached Fisher-Price at the time of the spin-off, was the obvious suitor.

"The deal makes sense for both parties," says Mr Harold Vogel, of Merrill Lynch. "Mattel had a need for it and Fisher-Price seemed to have difficulty competing in a long-term sense against the big toy manufacturers. This gives Mattel a little bit more balance. Whether it actually accelerates earnings growth is another story."

Mattel's Barbie doll: still going strong after 34 years

Balance is less of a concern for Hasbro, the world's biggest toy company. Hasbro's greatest strength is the diversity of its products: it made 1992 profits of $179.2m compared with underlying earnings of $122.7m the previous year, excluding restructuring charges related an acquisition. Products range from a strong preschool Playskool line, G.I. Joe action doll for boys and board games, including Monopoly and Trivial Pursuit.

A bigger Mattel will put pressure on Hasbro to retain its number one spot in the toy industry, but there is still ample room for both companies to grow. The combined domestic market share for Mattel and Hasbro is about 30 per cent, "leaving a tremendous room for growth", says Mr Jacobson.

Hasbro may even benefit from a more equal rival in Mattel. Stronger Mattel toys will draw more customers into toy stores and get more products on to shelves. And increased profits stability will allow Mattel to take greater risks with its products.

If Mattel and Hasbro continue to grow, they may be more threatening to the smaller companies than to each other. "It's going to be more difficult for small players to survive," warns Mr Jacobson. "But there will be niche categories because, as Mattel and Hasbro get bigger, they will not pay attention to the smaller niches."

● Moody's Investors Service has placed Mattel's debt ratings under review for possible upgrade, citing acceleration in Mattel's progress "in diversifying its product array from Barbie toys". Moody's expects the merger to enhance earnings predictability without increasing debt.

NEWS DIGEST

Von Roll sees bigger deficit

VON ROLL, the troubled Swiss steel and engineering group, reports a further 17 per cent slide in sales in the first half to SFr948m ($640.5m), blaming the European steel crisis and the slump in the Swiss building industry, writes Ian Rodger from Zurich.

The group, which had earlier forecast that its loss would narrow this year, said it now expected an even larger loss than last year's SFr55m.

Hudson's Bay shows continued growth

HUDSON'S BAY, Canada's biggest retailer, continued to improve in the second quarter, reporting net profits of C$16.5m (US$12.5m) or 32 cents a share, more than double the C$7.3m or 14 cents a share, profit made a year earlier, writes Robert Gibbens from Montreal. Sales were C$1.2bn, up 4 per cent.

For the six months ended July, profit was C$12.1m or 23 cents a share against C$2.8m or 5 cents, on sales of C$2.3bn, against C$2.2bn. The mass market Zellers unit turned in a good performance with operating profit up 18 per cent at C$44.8m. The Bay department stores had operating profit of C$10.8m, up 7 per cent.

Astra International 50% up at halfway

ASTRA International, the Indonesian automotive company, yesterday announced a 50 per cent increase in first-half net profits to Rp63.89bn ($30.4m), signalling a recovery after a traumatic 1992, writes William Keeling from Jakarta.

Net sales increased 19.5 per cent Rp2,521bn, despite a 1 per cent drop in car sales to 47,371 over the year. Brokers attribute the rise in sales to improved figures from the United Tractor's heavy equipment subsidiary.

Hagemeyer turns in 20% first-half gain

HAGEMEYER, the Dutch trading company, is on course to achieve higher full-year net profit after posting a 20.2 per cent rise in first-half net profit to Fl 50.6m ($30m), writes Ronald van de Krol.

The company, which is owned by First Pacific of Hong Kong and markets and distributes branded products, said North American results showed a substantial increase, reflecting strong growth in consumer electronics and a better performance in speciality foods.

Results in Asia/Pacific were good, while profits improved slightly in Europe. Overall, sales were up 2.6 per cent at Fl 1.66bn.

Pre-tax profit on normal business operations rose by 10.7 per cent in the first half to Fl 77.2m, while Hagemeyer's tax bill fell by 6 per cent to Fl 17.9m. Lower interest rates helped cut financial costs to Fl 9.8m from Fl 13.5m.

Pioneer in reverse but payout held

PIONEER International, the Australian building products and energy group, is holding its dividend at 15 cents a share in spite of a 15.2 per cent fall in net profit to A$151.6m (US$102.4m). Revenues rose 4.3 per cent to A$5.36m, writes Bruce Jacques in Sydney.

The figures reflected a 32 per cent fall to A$149.2m in pre-tax contribution from building products, partially offset by a 3.2 per cent lift to A$194.1m in contribution from the Ampol petroleum division.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	$369.00	-4.25	$340.00	$405.75	$326.05
Silver Per troy oz	314.50p	-2.25	187.58p	537.50p	236.00p
Aluminium 99.7% (cash)	$1150.5	-0.5	$1299.0	$1240.00	$1108.00
Copper Grade A (cash)	$1969.5	+32.0	£1257.0	$2375.00	$1108.50
Lead(cash)	$388.5	-2.5	£337.5	$460.00	$376.50
Nickel (cash)	$4495	-195	$7235.0	$6340	$4495
Zinc SHG (cash)	$884.5	-4.5	$1415.0	$1112	$869.0
Tin (cash)	$4692.5	-170	$6802.5	$6047.5	$4680
Cocoa Futures (Dec)	£831	+52	£628	£831	£683
Coffee Futures (Nov)	$1281	+79	$760	$1281	$838
Sugar (LDP Raw)	$246.9	+3.8	$255.8	$317.4	$204.5
Barley Futures (Jan)	£104.30	-0.80	£112.75	£110.30	£101.50
Wheat Futures (Jan)	£105.80	-2.80	£115.75	£149.45	£105.75
Cotton Outlook A Index	55.65c	+0.75	57.45c	62.35c	54.60c
Wool (64s Super)	330p	-5	364p	403p	330p
Oil (Brent Blend)	$17.35x	+0.365	$19.675	$19.53	$16.46

Per tonne unless otherwise stated, p-pence/kg, c-cents lb, x-Oct.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$16.07-5.12u	+0.32
Brent Blend (dated)	$17.04-7.06	+0.35
Brent Blend (Oct)	$17.34-7.36	+0.32
W.T.I (1 pm est)	$18.57-8.59u	+.305
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$192-194	
Gas Oil	$164-165	+2.0
Heavy Fuel Oil	$61-63	+0.5
Naphtha	$159-160	-0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$369.00	+1.50
Silver (per troy oz)♣	469.50c	+3.50
Platinum (per troy oz)	$377.50	-6.25
Palladium (per troy oz)	$120.00	-2.55
Copper (US Producer)	91.00c	
Lead (US Producer)	33.50c	-1.13
Tin (Kuala Lumpur market)	12.00m	-0.03
Tin (New York)	218.0c	-4.0
Zinc (US Prime Western)	Unq	
Cattle (live weight)†	129.23p	-1.69*
Sheep (live weight)†♠	82.83p	-7.17*
Pigs (live weight)†	72.59p	*
London daily sugar (raw)	$248.90	+8.60
London daily sugar (white)	$296.00	+2.00
Tate and Lyle export price	£274.00	+4.00
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£169.5	
Wheat (US Dark Northern)	£147.0	
Rubber (Oct)♥	59.25p	
Rubber (Nov)♥	60.50p	
Rubber (KL RSS No 1 Jul)	210.5m	-1.0
Coconut oil (Philippines)§	$450.0v	
Palm Oil (Malaysian)§	$357.5x	
Copra (Philippines)§	$269.0	
Soyabeans (US)	£195.0	-1.5
Cotton "A" Index	55.65c	-0.60
Wooltops (64s Super)	330p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Sep v-Sep/Oct u-Oct t-Oct/Dec x-Aug/Sep ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices. * change from a week ago, provisional prices.

SUGAR – LCE	($ per tonne)		
White	Close	Previous	High/Low
Oct	265.00	265.40	268.00 265.00
Dec	260.00	258.90	260.00
Mar	259.50	261.10	263.50 259.50

White 893 (1189) Paris- White (FFr per tonne): Oct 1553.91 Dec 1515.49

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Oct	17.40	17.16	17.55 17.10
Nov	17.57	17.30	17.65 17.27
Dec	17.70	17.45	17.70 17.52
Jan	17.78	17.55	17.78 17.62
Feb	17.85	17.70	17.85 17.76
Mar	17.96	17.78	17.96 17.85
Apr	17.95	17.88	17.95
May	18.03	17.95	18.03
Jun	18.05	18.00	18.05
IPE Index	17.01	17.14	

Turnover 38828 (23674)

GAS OIL – IPE ($/tonne)	Close	Previous	High/Low
Sep	162.50	161.25	165.25 162.00
Oct	165.75	164.25	167.75 164.50
Nov	167.75	166.50	169.50 166.50
Dec	169.75	168.50	171.00 168.75
Jan	171.25	170.25	172.00 170.26
Feb	171.00	169.75	171.75 171.00
Mar	169.00	167.50	169.50 169.00
May	165.50	164.00	165.50
Jun	165.50	164.25	165.50

Turnover 13062 (10907) lots of 100 tonnes

SPICES
The black pepper market was frantic, with continued active trading for both black and white, reports Man Producten. Prices increased dramatically in all origins, with heavy trading in India and Brazil. European and US buyers were covering short positions and taking long positions as some traders believed that the market might continue to rise. Malaysian, Indonesian and Vietnamese sellers were mostly on the sidelines. Whites prices: Muntok/Sarawak f.a.q., spot, US$3,000 a tonne. August/September $2,950; November/December $3,025; January/February $3,100. Blacks prices: Sarawak black label, spot $1,800 a tonne.

COCOA – LCE (£/tonne)	Close	Previous	High/Low
Sep	801	780	802 773
Dec	831	810	835 802
Mar	849	831	853 824
May	860	842	863 838
Jul	871	852	870 845
Sep	882	861	882 858
Dec	893	874	888 870
Mar	905	886	891 884
May	914	896	893

Turnover: 8651 (7945) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 26 827.13 (810.82) 10 day average for Aug 27 797.00 (787.87)

COFFEE – LCE ($/tonne)	Close	Previous	High/Low
Sep	1347	1308	1365 1300
Nov	1281	1262	1335 1260
Jan	1244	1229	1245 1228
Mar	1224	1209	1226 1210
May	1217	1205	1212 1206
Jul	1215		1210

Turnover: 7353 (5525) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 26 Comp. daily 70.49 (69.94) 15 day average 67.08 (66.96)

POTATOES – LCE (£/tonne)	Close	Previous	High/Low
Apr	77.9	77.4	79.0 77.9

Turnover 23 (39) lots of 20 tonnes.

SOYAMEAL – LCE (£/tonne)	Close	Previous	High/Low
Oct	-	-	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – LCE ($10/index point)	Close	Previous	High/Low
Sep	1411	1410	1405
Oct	1440	1450	1440 1438
Nov	1462	1462	1462 1450
Jan	1473	1480	1465
BFI	1441	1444	

Turnover 58 (131)

GRAINS – LCE (£/tonne)			
Wheat	Close	Previous	High/Low
Nov	103.75	104.30	103.95 103.50
Jan	105.80	106.20	106.00 105.50
Mar	107.85	108.10	107.90 107.50
May	110.10	110.45	109.95 109.80
Barley	Close	Previous	High/Low
Nov	102.10	102.45	102.20 102.00
Jan	104.30	104.75	104.50 104.25
Mar	106.25	106.55	106.30 106.00

Turnover: Wheat 506 (378) Barley 40 (25).
Turnover lots of 100 Tonnes.

PIGS – LCE (Cash Settlement) p/kg	Close	Previous	High/Low
Sep	98.5	98.5	

Turnover:0 (0)lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 46,848 lots
Cash	1150-1	1143-4	1146	1146-6.5		
3 months	1170-1	1164-5	1172/1165	1166.5-7	1170-1	247,265 lots
Copper, Grade A ($ per tonne)						Total daily turnover 60,495 lots
Cash	1969-70	1947-8	1984/1962	1962-3		
3 months	1931-2	1919-20	1938/1915	1926-7	1936-7	184,939 lots
Lead ($ per tonne)						Total daily turnover 3,066 lots
Cash	388-9	383-4		383.5-4		
3 months	401-2	396.5-7.0	401/396.5	396.5-7	399-400	23,824 lots
Nickel ($ per tonne)						Total daily turnover 10,240lots
Cash	4490-500	4500-5		4425-6		
3 months	4540-50	4550-5	4560/4465	4479-80	4535-40	45,772 lots
Tin ($ per tonne)						Total daily turnover 1,993 lots
Cash	4690-5	4677-83		4670-5		
3 months	4735-40	4725-30	4750/4695	4715-8	4745-50	10,836 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 17,131 lots
Cash	884-5	869.5-70.5		878-9		
3 months	896-7	883-4	898/888	891.5-2	894-5	80,246 lots

LME Closing £/$ rate: SPOT: 1.5010 3 months: 1.4912 6 months: 1.4850 9 months: 1.4785

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	368.75-369.25	
Opening	367.70-368.10	
Morning fix	370.05	245.147
Afternoon fix	369.25	245.675
Day's high	370.00-370.50	
Day's low	367.50-368.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.68	6 months	2.58
2 months	2.64	12 months	2.59
3 months	2.63		

Silver fix	p/troy oz	US cts equiv
Spot	310.45	468.75
3 months	314.85	472.30
6 months	318.90	478.05
12 months	327.40	484.65

GOLD COINS	$ price	£ equivalent
Krugerrand	367.50-370.50	243.00-246.00
Maple leaf	379.00-381.40	-
New Sovereign	87.00-90.00	57.00-60.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1125	45	75	8	16
1150	28	58	16	24
1175	16	44	29	35
Copper (Grade A)	Calls		Puts	
1900	69	89	20	60
1950	40	65	41	85
2000	21	45	71	115
Coffee	Nov	Jan	Nov	Jan
1200	117	116	36	72
1250	89	91	58	97
1300	65	72	84	128
Cocoa	Dec	Mar	Dec	Mar
750	93	122	12	23
775	74	104	18	30
800	58	88	27	39
Brent Crude	Oct	Nov	Oct	Nov
1650			8	24
1700	41	52	19	40
1750	18		40	58

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Aug	369.3	368.0	368.1	368.1
Sep	369.5	368.2	0	0
Oct	370.3	369.0	371.2	369.4
Dec	372.1	370.8	373.0	370.8
Feb	373.8	372.5	373.6	373.2
Apr	375.5	374.1	376.2	375.0
Jun	377.1	375.7	0	0
Aug	378.8	377.4	0	0
Oct	380.6	379.2	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Oct	381.6	381.4	382.0	377.0
Jan	382.0	381.9	382.0	378.4
Apr	382.6	382.7	382.5	380.0
Jul	383.5	383.6	381.5	381.5

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Aug	474.9	467.3	0	0
Sep	474.9	467.3	474.5	465.5
Oct	476.1	468.5	469.5	469.5
Dec	479.3	471.7	480.0	470.0
Jan	479.8	472.1	0	0
Mar	483.9	476.3	484.5	474.0
May	487.1	479.5	0	0
Jul	490.1	482.5	485.0	484.0
Sep	493.4	485.8	0	0
Dec	498.6	491.0	497.0	493.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Aug	85.60	84.90	85.80	85.20
Sep	85.60	84.90	85.80	84.85
Oct	85.70	84.95	85.30	85.30
Nov	85.75	84.95	0	0
Dec	85.80	84.95	86.00	84.95
Jan	85.90	85.05	85.60	85.20
Feb	86.00	85.15	0	0
Mar	86.10	85.25	86.10	85.40
Apr	86.20	85.35	0	0
May	86.25	85.35	85.60	85.30

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Oct	18.72	18.36	18.75	18.33
Nov	18.93	18.62	18.98	18.59
Dec	19.10	18.81	19.17	18.81
Jan	19.18	18.94	19.20	19.00
Feb	19.27	19.05	19.28	19.08
Mar	19.35	19.15	19.37	19.17
Apr	19.28	19.22	19.28	19.28
May	19.29	19.29	0	0
Jun	19.41	19.35	19.41	19.41
Jul	19.41	19.41	0	0

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Sep	53.55	52.88	53.70	52.70
Oct	54.66	53.86	54.80	53.85
Nov	55.50	54.85	55.70	54.85
Dec	56.40	55.87	56.55	55.76
Jan	57.05	56.47	57.10	56.45
Feb	57.00	56.62	56.65	56.65
Mar	56.15	55.82	56.40	55.85
Apr	54.70	54.89	54.90	54.90
May	54.20	53.84	54.20	54.20
Jun	54.50	53.39	0	0

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Sep	1025	1008	1026	990
Dec	1092	1067	1101	1053
Mar	1131	1105	1140	1086
May	1152	1120	1156	1053
Jul	1172	1140	1178	1134
Sep	1193	1161	1194	1155
Dec	1221	1189	1195	1176
Mar	1244	1212	1208	1199
May	1264	1232	1230	1230

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Sep	76.55	76.50	76.80	75.60
Dec	79.15	78.25	79.65	78.30
Mar	81.30	80.40	81.80	80.50
May	82.80	82.00	82.85	82.15
Jul	83.80	82.90	83.90	83.75
Sep	85.40	84.25	85.20	85.00
Dec	86.00	86.00	87.75	87.75

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	9.15	9.32	9.38	9.12
Mar	9.40	9.52	9.60	9.40
May	9.57	9.66	9.76	9.58
Jul	9.68	9.70	9.78	9.65
Oct	9.70	9.73	9.80	9.70

COTTON 50,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	56.22	56.47	56.50	55.75
Dec	57.65	57.80	58.05	57.00
Mar	59.00	59.15	59.30	58.40
May	59.70	60.10	59.80	59.20
Jul	60.11	60.60	60.25	60.00
Oct	60.20	60.30	60.20	59.65
Dec	60.20	60.30	60.20	59.70

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	122.65	123.65	123.65	121.50
Nov	125.55	126.95	126.70	124.50
Jan	126.70	127.95	127.70	126.00
Mar	127.85	129.05	128.50	127.00
May	128.65	130.55	130.20	128.95
Jul	128.95	130.65	130.00	130.00
Sep	128.95	130.55	0	0
Nov	128.65	130.55	0	0
Jan	126.95	130.55	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Aug.27	Aug.26	mnth ago	yr ago
1626.7	1630.2	1640.1	1518.6

DOW JONES (Base: Dec. 31 1974 = 100)	Aug.26	Aug.25	mnth ago	yr ago
Spot	122.55	122.96	124.16	116.26
Futures	126.54	126.70	130.42	115.67

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Sep	669/0	660/6	670/0	651/4
Nov	673/0	662/0	674/0	652/0
Jan	679/2	668/2	680/0	658/0
Mar	684/0	673/0	685/0	665/0
May	685/0	675/0	685/0	665/0
Jul	688/6	676/4	687/0	667/0
Aug	680/0	672/0	690/0	668/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Sep	23.80	23.26	23.85	22.95
Oct	23.90-	23.41	24.00	23.10
Dec	24.13	23.59	24.25	23.30
Jan	24.22	23.70	24.25	23.40
Mar	24.35	23.88	24.42	23.60
May	24.35	23.89	24.45	23.65
Jul	24.22	23.88	24.30	23.56
Aug	24.02	23.74	24.16	23.55

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Sep	211.8	211.6	212.5	208.0
Oct	210.7	208.6	211.0	208.5
Dec	211.7	208.6	212.2	208.7
Jan	212.5	209.4	212.5	208.8
Mar	213.6	210.2	213.6	207.8
May	213.5	210.2	213.5	208.3
Jul	214.0	210.7	214.0	208.5
Aug	211.2	208.8	211.2	208.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Sep	234/0	233/0	234/4	230/6
Dec	241/2	239/0	241/4	237/2
Mar	249/4	247/6	249/6	245/6
May	254/4	252/6	254/6	250/4
Jul	257/4	255/4	257/6	253/4

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Sep	301/2	299/6	303/4	299/0
Dec	310/6	309/0	312/0	307/0
Mar	313/6	313/4	315/0	312/0
May	306/6	309/2	310/0	306/2
Jul	300/6	300/2	301/0	299/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	74.675	73.825	74.900	73.500
Dec	74.950	74.175	75.200	74.050
Feb	75.375	74.850	75.800	74.775
Apr	76.400	76.050	76.850	75.925
Jun	73.225	72.825	73.550	72.750
Aug	72.075	71.675	72.150	71.650

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Oct	47.250	47.025	47.350	46.750
Dec	46.525	46.425	46.650	46.100
Feb	45.325	45.425	45.550	45.150
Apr	43.950	44.100	44.200	43.900
Jun	49.125	48.800	49.200	48.850
Jul	48.200	47.950	48.200	47.950
Aug	46.850	46.500	47.000	46.350

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	51.750	50.775	51.975	50.800
Mar	51.400	50.375	51.500	50.500
May	52.275	51.400	52.300	51.600
Jul	52.300	51.900	52.300	51.800
Aug	51.800	51.800	51.800	51.800

0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

A watershed in the market

THE DOLLAR and European currencies drifted down against the D-Mark yesterday in what appeared to be a delayed reaction to the Bundesbank's decision not to cut interest rates on Thursday, *writes James Blitz.*

The Bundesbank yesterday surprised dealers by announcing a repo rate at 6.90 per cent to next Wednesday, higher than the established repo rate of 6.80 per cent. The move did not imply a tightening of monetary policy, but nevertheless gave a temporary setback to most European currencies.

The French franc fell below the FFr3.51 level against the D-Mark but later closed at FFr3.499 from a previous FFr3.502. The Danish krone fell as low as DKr4.1350 at the start of European trading and later closed at DKr4.1225. The Belgian franc came under more intense pressure at one stage, but closed a little stronger on the day at BFr21.30 from a previous BFr21.37

The dollar was also undermined by the German move, closing at DM1.6665 from a previous DM1.6680 on a day which brought no key US data. Sterling closed at DM2.5000, down 1½ pfennigs on the day.

For the last few weeks, market volumes have been thin. But, on Tuesday, many dealers return to work from their holidays. It is striking that they do so just as a watershed has appeared in in the three major trading areas in the market: the ERM, the dollar/D-Mark currency pair and the dollar/yen exchange rate.

There is little doubt that the Bundesbank's failure to cut rates will put intense pressure on France, Belgium and Denmark to decouple their monetary policies from Germany. Thus far, they have tried to shadow the D-Mark by keeping interest rates high. But their currencies could show a downward trend over the next few weeks, whether they cut rates or not.

There will be a new focus on the dollar/D-Mark exchange rate, too, especially in the week of the August payroll report. Mr Paul Chertkow, global currency strategist at UBS, believes that a high figure for the report could give the dollar a new boost. But the dollar is now trading below DM1.67, a level it tried hard to break on the upside for most of the last year - and it may be difficult to sustain a recovery above this level.

On the dollar/yen rate, yesterday's close of Y103.95 from a previous Y104.40 has led some economists to think that the Japanese currency is building substantial new strength.

But next month's attempts by the Japanese government to stimulate the economy may strengthen the import side of the country's trade balance. Mr Chertkow thinks we may never see Y100.

£ IN NEW YORK

Aug 27	Latest	Previous Close
£ Spot	1.4990-1.5000	1.5095 1.5105
1 month	0.35-0.33pm	0.34 0.33pm
3 months	1.02-0.99pm	1.00 0.98pm
12 months	3.02-2.92pm	2.90 2.80pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug 27	Previous
8.30 am	81.5	80.4
9.00 am	81.4	80.5
10.00 am	81.4	80.5
11.00 am	81.3	80.5
Noon	81.3	80.6
1.00 pm	81.3	80.4
2.00 pm	81.3	80.6
3.00 pm	81.1	80.6
4.00 pm	80.8	80.7

CURRENCY RATES

Aug 27	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.941389	0.761971
U.S Dollar	3.00	1.40146	1.14961
Canadian $	4.67	1.84404	1.51753
Austrian Sch	8.25	16.5905	13.4942
Belgian Franc	6.00	49.9936	40.8874
Danish Krone	9.25	9.69110	7.91360
D-Mark	6.75	2.35798	1.91732
[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England (Base Average 1985=100) **Rates are for Aug 26

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 27	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.15484	-1.92	8.49	14
D-Mark	1.94964	1.91732	-1.66	8.21	16
Spanish Peseta	154.250	155.857	1.04	5.31	-7
Portuguese Escudo	192.854	195.917	1.59	4.75	-11
Irish Punt	0.808628	0.822001	1.65	4.68	-11
Belgian Franc	40.2123	40.8874	1.68	4.65	-12
French Franc	6.53883	6.71032	2.62	3.69	-22
Danish Krone	7.43679	7.91360	6.41	0.00	-44

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
‡Indicative values only. Divergence Indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4955 - 1.5130	1.5000 - 1.5010	0.35-0.34cpm	2.76	1.02-0.99pm	2.68
Canada	1.9765 - 1.9980	1.9765 - 1.9775	0.24-0.16cpm	1.21	0.65-0.48pm	1.14
Netherlands	2.8050 - 2.8415	2.8050 - 2.8150	⅛-¼cdis	-0.80	⅜-½dis	-0.62
Belgium	53.05 - 54.10	53.20 - 53.30	16-25cdis	-4.62	36-53dis	-3.34
Denmark	10.2880 - 10.4175	10.3025 - 10.3125	4⅞-6¼oredis	-6.48	12¼-13⅝dis	-5.02
Ireland	1.0685 - 1.0845	1.0685 - 1.0705	0.07-0.11cdis	-1.01	0.16-0.23dis	-0.73
Germany	2.4975 - 2.5270	2.4975 - 2.5025	¼-⅜pfdis	-1.50	½-⅝dis	-0.90
Portugal	254.70 - 259.95	254.70 - 255.70	98-174cdis	-6.35	298-400dis	-5.47
Spain	202.65 - 205.65	203.45 - 203.75	84-94cdis	-5.25	233-252dis	-4.76
Italy	2384.70 - 2415.85	2391.25 - 2392.25	7-9liredis	-4.01	20-22dis	-3.51
Norway	10.8585 - 10.9930	10.8725 - 10.8825	⅛-1⅛oredis	-0.69	½-2½dis	-0.55
France	8.7370 - 8.8430	8.7425 - 8.7525	1⅜-3cdis	-2.31	3⅜-4¼dis	-1.74
Sweden	12.0550 - 12.3075	12.0675 - 12.0775	1¼-3⅛oredis	-2.42	5⅞-6¼dis	-2.01
Japan	155.50 - 157.55	155.50 - 156.50	½-⅜ypm	3.37	1⅛-1⅛pm	3.04
Austria	17.54 - 17.76	17.54 - 17.57	1-2grodis	-1.03	2⅛-4⅛dis	-0.71
Switzerland	2.2025 - 2.2280	2.2025 - 2.2125	¼-⅛cpm	1.02	¾-½pm	1.13
Ecu	1.3130 - 1.3280	1.3130 - 1.3140	0.24-0.27cdis	-2.33	0.59-0.64dis	-1.86

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.73-1.68pm. 12 Month 3.02-2.92pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4955 - 1.5130	1.5000 - 1.5010	0.35-0.34cpm	2.76	1.02-0.99pm	2.68
Ireland†	1.3930 - 1.4025	1.4000 - 1.4010	0.47-0.44cpm	3.90	1.27-1.20pm	3.53
Canada	1.3145 - 1.3225	1.3215 - 1.3225	0.15-0.19cdis	-1.54	0.47-0.55dis	-1.54
Netherlands	1.8690 - 1.8780	1.8720 - 1.8730	0.55-0.60cdis	-3.68	1.51-1.59dis	-3.31
Belgium	35.30 - 35.75	35.45 - 35.55	23-27cdis	-8.45	58-64dis	-6.87
Denmark	6.8560 - 6.8940	6.8575 - 6.8725	4.50-5.30oredis	-8.56	12.10-13.60dis	-7.48
Germany	1.6630 - 1.6710	1.6660 - 1.6670	0.53-0.54pfdis	-3.85	1.44-1.47dis	-3.49
Portugal	170.10 - 170.55	170.20 - 170.30	116-122cdis	-8.39	330-355dis	-8.05
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

Aug 27	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
£	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.471	1.872	1594	1.317	35.48	135.6	0.875
DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.883	1.124	958.8	0.791	21.30	81.44	0.526
YEN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.15	18.01	15333	12.67	341.3	1305	8.423
F Fr.	1.143	1.716	2.858	178.3	10.	2.524	3.212	2734	2.250	60.87	232.7	1.502
S Fr.	0.453	0.680	1.132	70.65	3.962	1	1.273	1083	0.895	24.12	92.21	0.595
N Fl.	0.356	0.534	0.890	55.52	3.113	0.786	1	851.2	0.704	18.95	72.46	0.468
Lira	0.418	0.628	1.045	65.22	3.657	0.923	1.175	1000.	0.827	22.26	85.12	0.549
C$	0.506	0.759	1.265	78.91	4.425	1.117	1.421	1210	1	26.93	103.0	0.665
B Fr.	1.878	2.819	4.695	293.0	16.43	4.146	5.277	4492	3.713	100.	382.3	2.468
Pta	0.491	0.737	1.228	76.62	4.297	1.084	1.380	1175	0.971	26.15	100.	0.645
Ecu	0.761	1.142	1.903	118.7	6.658	1.680	2.139	1820	1.505	40.53	154.9	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE EURO SWISS FRANC OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS; LONDON (LIFFE); CHICAGO; PARIS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
120	-	3.22	-	-	0.19	0.18
121	-	2.40	-	0.09	0.34	0.29
122	-	1.69	-	0.23	0.60	0.45
123	0.70	1.10	-	0.57	1.00	0.62
124	0.31	0.68	-	1.18	1.54	-
Open Int	-	170,560	25,210	-	130,986	16,223

Estimated volume 97,947 † Total Open Interest 342,979
† All Yield & Open Interest figures are for the previous day.

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5005	1.4971	1.4905	1.4835	1.4708

BANK RETURN

BANKING DEPARTMENT	Wednesday August 25, 1993		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	2,606,433,094	+	28,094,820
Bankers Deposits	1,553,203,145	+	37,586,258
Reserve and other Accounts	3,327,991,453	-	373,065,297
	7,502,180,692	-	307,384,219
ASSETS			
Government Securities	1,262,107,132	-	38,345,000
Advance and other Accounts	5,705,825,885	-	354,193,635
Premises Equipment & other Secs	528,958,207	+	84,390,313
Notes	5,082,529	+	785,446
Coin	206,939	-	21,343
	7,502,180,692	-	307,384,219
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	17,384,917,471	+	199,214,554
Notes in Banking Department	5,082,529	+	785,446
	17,390,000,000	+	200,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	6,863,058,384	+	42,039,313
Other Securities	10,515,926,516	+	157,960,687
	17,390,000,000	+	200,000,000

MONEY MARKETS

German concerns

THE Bundesbank yesterday added liquidity to the German money market via a repo rate at 6.90 per cent in an attempt to stop a growing scramble for short-dated funds, *writes James Blitz.*

The central bank's move did not imply any tightening of monetary policy. Emergency funds have been provided at more-or-less the same rate in recent weeks when the market has found itself illiquid.

UK clearing bank base lending rate 6 per cent from January 26, 1993

Instead, by announcing a repo to Wednesday, the Bundesbank was helping to calm the market over the next two trading days. There were strong expectations that a fixed rate repo would again be set at 6.80 per cent on Wednesday.

The provision of some DM17.9bn of liquidity was required because dealers had decided not to purchase funds on Thursday in the belief that there would be a cut in the discount rate.

When the cut failed to materialise, there was a sudden scramble for funds in the interbank market - especially with end of month pressures. If the repo funds had not been provided, call money would have soared above yesterday's high level of 7 per cent.

The Bundesbank is becoming increasingly concerned by the discrepancy between expectations of interest rate cuts and its own intentions. The events of the last few days may encourage the central bank to be even more cautious about signalling cuts in official interest rates over the next few weeks.

Mr Manfred Körber, the Bundesbank's chief spokesman warned yesterday: "The Bundesbank views with concern the fact that expectations, which are heightened by apparently scientifically backed predictions, contribute to large market fluctuations and to volatility."

But the discrepancy continues. There have been strong advances in some European equity markets in the belief that German rates are coming down. And expectations remain of a cut at the next Bundesbank meeting.

Sterling futures reflected little disappointment with German policy last week. The December contract rose 5 basis points yesterday to close at 94.59. Three month sterling was unchanged at 5⅞ per cent. There was a shortage of £850m in the discount market and late assistance of £460m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug 26)	3 months US dollars	6 months US Dollars	
bid 3⅛	offer 3¼	bid 3⁵⁄₁₆	offer 3⁷⁄₁₆

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	2.14	Three year	4.18
Broker loan rate	5	Two month	2.84	Five year	4.81
Fed.funds	3	Three month	3.08	Seven year	5.08
Fed.funds at intervention	-	Six month	3.19	10-year	5.47
		One year	3.37	30-year	6.13
		Two year	3.86		

Aug 27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.90-7.05	6.70-6.80	6.60-6.75	6.45-6.55	6.25-6.35	7.75
Paris	7½-7⅝	7⁹⁄₁₆-7⅝	-	7¼-7½	-	6.75
Zurich	4¾-5	4¾-4⅞	-	4⁹⁄₁₆-4¹¹⁄₁₆	-	-
Amsterdam	6.56-6.62	6.52-6.60	-	6.27-6.35	-	-
Tokyo	2¹³⁄₁₆-3	-	-	-	-	-
Milan	9¹⁵⁄₁₆-10¼	9½-9⅞	-	9⁵⁄₁₆-9⅝	-	-
Brussels	-	10⅞-11⅛	-	9¾-10	-	-
Dublin	6⅝-6¾	6⁹⁄₁₆-6¹¹⁄₁₆	6½-6⅝	6⅜-6½	6¼-6⅜	-

LONDON MONEY RATES

Aug 27	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 5⅜ per cent; three months 5¼ per cent; six months 5¼ per cent. Bank Bills (sell): one-month [illegible]; three months [illegible] per cent. Treasury Bills: Average tender rate of discount 5.0940 p.c. [illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	* Roxburghe Bank Ltd	8
Bank of Baroda	6	●Robert Fleming & Co	6	* (In administration)	
Banco Bilbao Vizcaya	6	Girobank	6	Royal Bk of Scotland	6
Bank of Cyprus	6	●Guinness Mahon	6	●Smith & Williamson Secs	6
Bank of Ireland	6	Habib Bank AG Zurich	6	Standard Chartered	6
Bank of India	6	●Hambros Bank	6	TSB	6
Bank of Scotland	6	Heritable & Gen Inv Bk	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
Citibank NA	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES- Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ϕ Bargains done the previous day.

British Funds, etc

Treasury 13¼% Stk 2000/03 - £136¼
Exchequer 10½% Stk 2005 - £125¾ (24Au93)
Guaranteed Export Finance Corp PLC 12⅞% Gtd Ln Stk 2002(Reg) - £135½ϕ

Corporation and County Stocks

Aberdeen (City of) 10.80% Red Stk 2011 - £119 (20Au93)
Birmingham Corp 3% Stk 1947(or after) - £37⅛

[illegible]

Lasmo PLC 7¾% Cnv Bds 2005(Br£1000&10000) - £32½ (24Au93)
Leeds Permanent Building Society 7⅞% Nts 1998 (Br £ Var) - £101 ⅛ (25Au93)
Leeds Permanent Building Society 10½% Subord Bds 1998 (Br£5000) - £111½ (25Au93)
Lloyds Bank PLC 9⅝% Subord Bds 2023 (Br £ Var) - £113 (25Au93)
Lloyds Bank PLC 10¼% Subord Bds 1998(Br£10000) - £111¼ (23Au93)
London Electricity PLC 8% Bds 2003 (Br £ Var) - £103⅞ (23Au93)
National Grid Co PLC 7⅛% Bds 1998 (Br £ Var) - £102¼ (24Au93)

[illegible]

Imperial Chemical Industries PLC 9¾% Bds 2005(Br£1000&10000) - £114 (25Au93)
International Bank for Rec & Dev 9¼% Bds 2007 (Br£5000) - £115 (24Au93)
International Bank for Rec & Dev 10% Bds 1999(Br£1000&10000) - £114⅝ϕ
Italy(Republic of) 10½% Bds 2014 (Br£10000&50000) - £122¼ (24Au93)
Japan Development Bank 8% Gtd Nts 1994(Br$5000) - $103.45 103.55 (20Au93)
Kansai Electric Power Co Inc 7⅛% Nts 1998 (Br £ Var) - £101⅜ ¼
Ladbroke Group PLC 5⅛% Subord Cnv Bds 2004(Br£1000&5000) - £132¼ (20Au93)
Ladbroke Group PLC 8⅞% Bds 2003 2003 (Br £ Var) - £103.15
Ladbroke Group Finance(Jersey)Ld 9% Cnv Cap Bds 2005 (Br£5000&100000) - £103½
Land Securities PLC 9½% Bds 2007(Br£1000&10000) - £109½ (25Au93)
Land Securities PLC 9⅜% Cnv Bds 2004 (Br£5000&50000) - £121⅛ ¼

[illegible]

Nova Scotia(Province of) 11¼% Ln Stk 2019 - £136½ ⅝ (25Au93)
Petroleos Mexicanos 14½% Ln Stk 2006 - £124
Portugal(Rep of) 9% Ln Stk 2016(Reg) - £111⅝
Spain(Kingdom of) 11¼% Ln Stk 2010(Reg) - £135¾ (25Au93)
Trinidad & Tobago(Republic of) 12¼% Ln Stk 2009(Reg) - £104¾ (25Au93)

Listed Companies(excluding Investment Trusts)

AAH Hldgs PLC 4.2% Cum Prf £1 - 64 (24Au93)
ABB Kent PLC 8% Uns Ln Stk 88/93 - £99 (20Au93)
ASH Capital Finance(Jersey)Ld 9½% Cnv Cap Bds 2006 (Reg Units 100p) - £101 3 (25Au93)

[illegible]

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

[illegible]

Shires Investment PLC Warrants to sub for Ord - 95
Sphere Investment Trust PLC Revised Warrants to sub for Ord - 3 (23Au93)
TR City of London Trust PLC 10¼% Deb Stk 2020 - £123½ (24Au93)
Throgmorton Trust PLC 12 5/16% Deb Stk 2010 - £135 (24Au93)
Updown Investment Co PLC Ord 25p - 522
Witan Investment Co PLC 8% Deb Stk 96/99 - £101½
Witan Investment Co PLC 8½% Deb Stk 2016 - £107¾ 8

Miscellaneous Warrants

Australia & New Zealand Banking Gp Ld Wts Rtg to Coles Myer Ord 26/9/94 - $A2.4 (23Au93)

USM Appendix

BLP Group PLC 8p (Net) Cnv Cum Red Prf 10p - 72
Banner Homes Group PLC Ord 10p - 68 (23Au93)
Beckenham Group PLC Warrants to sub for Ord - 1 (24Au93)
Cooper Clarke Group PLC Ord 50p - 95 (25Au93)
Dakota Group PLC Ord Ir£0.25 - I£0.16
FBD Holdings PLC Ord Ir£0.50 - I£1.88 (25Au93)
Gibbs Mew PLC Ord 25p - 320 8 30 (25Au93)

Great Southern Group PLC 8.75p Cum Cnv Red Prf 5p - 138 (25Au93)
Hoskins Brewery PLC Ord 50p - 70 1 3
Midland & Scottish Resources PLC Ord 10p - 10½ 1½
Sterling Publishing Group PLC Cnv Cum Red Prf £1 - 130
Total Systems PLC Ord 5p - 62
Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prf £1 - 177 (25Au93)

Rule 535(2)

Adams & Neville Fund Management Worldinvest Bond Fund Inc - £1.676 1.742 (20Au93)
Adnams & Co PLC "B" Ord £1 - £23 (20Au93)
All England Lawn Tennis Ground Ld Deb 91/95 £2000 - £10500ϕ 11500ϕ
Ann Street Breweries Co Ld Ord £1 - £2.95 3 3
Arsenal Football Club PLC Ord £1 - £275 (24Au93)
Barclays Investment Fund(C.I.) Global Income Fund - £0.593 (24Au93)
Barclays Investment Fund(C.I.) Sterling Bd Fd - £0.479208 0.484
Biocare Holdings PLC Ord 1p - £0.6
Channel Islands Comms (TV) Ld Ord 5p - £0.44 0.45 (24Au93)
Country Gardens PLC Ord 25p - £0.52
Dawson Hldgs PLC Ord 10p - £4 4.02 4.02 (24Au93)
Eastbourne Water Co 8.875% 1st Cum Red Prf - £1.08 1.1 1.12 (20Au93)
Eliot (B.) PLC 7.5% (Net) Cnv Cum Red Prf £1 - £0.7 (20Au93)
Exchem PLC Ord 50p - £3 3.1 (20Au93)
Ferranti International Special Sha 1p - £0.055
Gander River Resources PLC Ord 5p - £0.03
Groucho Club London PLC Ord 10p - £0.4 (25Au93)
Guernsey Gas Light Co Ld Ord 10p - £0.57
Guernsey Press Co Ld Ord 10p - £1½ (20Au93)
INVESCO MIM International Ld Japan Income & Growth - £2.103 (20Au93)

[illegible]

- £15.47 (20Au93)
Kleinwort Benson(Int) Fund Man Strategic Inv Fd - £1.389 (20Au93)
Kleinwort Benson(Int) Fund Man Int Equity Gwth Inc - £2.622ϕ 2.754138ϕ
Lawne Group PLC Ord £1 - £76 (25Au93)
Le Riche's Stores Ld Ord £1 - £2.7 (25Au93)
Marx & Overseas PLC Ord 5p - £0.06
Marine & Mercantile Securities PLC Ord Ir£0.20 - £1.15 1.2 1.22 1¼ I£1.3
Mercury Fund Man.(Isle of Man) Mercury Int. Bond Fund - £0.6486
Mottik International Group PLC Ord 1p - £0.39 0.4 (20Au93)
North West Exploration PLC Ord 20p - 2 (23Au93)
Pan Andean Resources PLC Ord 1p - £0.075
Perpetual(Jersey) Offshore Asian Smaller Markets - £0.819475 (23Au93)
Perpetual(Jersey) Offshore UK Growth - $2.561 (23Au93) £1.658632
Porton International PLC Ord £1 - £8 (25Au93)
Rangers Football Club PLC Ord 10p - £1.05 (25Au93)
Rangers Football Club PLC C Deb Stk £1500 - £1500 (20Au93)
Rothschild Asset Management(CI) Old Court Major UK Co's Fund - £1.037 (25Au93)
Schroder Management Services(Guern)Schroder European Bond - £7.09125 7.265406
Sefton Hotel Ld Ord £1 - £4.1 (20Au93)
Select Industries PLC Ord 2½p - £0.075
Select Industries PLC New Ord 7½p(2½p Regd) - £0.03 (25Au93)
Shepherd Neame Ld "A" Ord £1 - £5.1
Southern Newspapers PLC Ord £1 - £2.96
Southern Vectis PLC Ord 10p - £0.175 (20Au93)
Tracker Network PLC Ord £1 - £5½ 5.6
T V-am PLC Ord 5p - £0.205
Tyndall International(Jersey) Gilt Fund - £1.281 (23Au93)
UAPT-Infolink PLC Ord 25p - £0.745 0.745 (25Au93)
Vista Entertainments PLC Ord 5p - £0.0075 (24Au93)
Warburg Asset Management Jersey Mercury Intl Gold & General Fd - $1.1577 (20Au93)
Weetabix Ld "A" Non V Ord 25p - £12.3 12.4

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Arcadia Minerals A$0.1445ϕ (25/8)
Beach Petroleum A$0.1216 (24/8)
Boise Cascade $21ϕ (24/8)
Bolton Properties M$2.5,2.503
Cape Range Oil A$0.7934
Churchill Res. A$0.357 (24/8)
City Developments $3.011 (25/8)
Conwest Class A £11½
Conwest Class B £12
Cudgen A$2.62 (24/8)
Dollar Expln. 157 (24/8)
Energy Res. Aust Class A A$1.399 (20/8)
Far East Hotels HK$0.913635ϕ0.913636
Forest Labs $32.397 (24/8)
Futuris 54ϕ (20/8)
Gen. Securities Inv. S$1.899 (20/8)
Hazama North West 13½
High Plains $11¼ϕ (24/8)
Idaho Power $31¾
Keystone Int. $23¾ϕ
Kulim Malysia 42ϕ (23/8)
Leighton Hldgs. A$2.02 (20/8)
Magellan Pet. Australia 100 (25/8)
Mogul Mining A$0.3 (24/8)
Niugini Mining A$4.71 (24/8)
North Flinders Mines 580 (23/8)
Oceaneering Int. £10¼ (25/8)
Oil Search A$0.716,0.7182
Palabora Mining R25 (23/8)
Petroleum Sec. Australia A$0.242
Sapphire Mines 8 (24/8)
Seagull Energy $32 (23/8)
Sensormatic Elect. £29¼ (25/8)
Utd. Plantations M$3.89 (20/8)
Valiant Cons. 16
Washington National $23¾ (20/8)

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LONDON STOCK EXCHANGE

Bonds help FT-SE to closing peak

By Terry Byland, UK Stock Market Editor

A STRONG bond market and buoyant stock index futures trading provided the platform for a renewed advance in the UK stock market yesterday, driving the FT-SE Index through the 3,100 barrier to a new closing peak of 3,100.6. With sterling very firm and confidence in economic recovery in the UK strengthened by a bullish survey of business opinion by the Confederation of British Industries, the London market brushed off a less encouraging performance from New York.

Investors' belief that inflation will remain low and that European interest rates are on the way down, despite the Bundesbank's refusal to cut key rates this week, brought powerful gains in UK government bonds.

Account Dealing Dates		
*First Dealings:		
Aug 16	Sep 6	Sep 20
Option Declarations:		
Sep 2	Sep 16	Sep 30
Last Dealings:		
Sep 3	Sep 17	Oct 1
Account Day:		
Sep 13	Sep 27	Oct 11

*New time dealings may take place from two business days earlier.

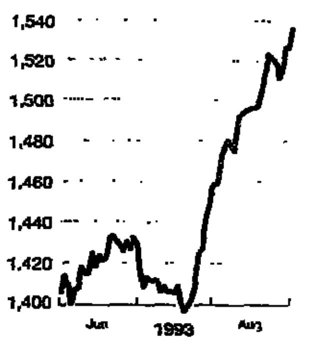
At the long end, bond prices gained around 1 1/16, bringing yields down to around 7.2 per cent. Short-dated stocks held steady but a gain of ¾ in Index-linked gilts implied inflation concerns have not disappeared.

The bond sector appeared little affected by the bank of England's decision to issue a further £800m of existing bonds for dealing next week.

Equities opened higher and were quickly spurred further ahead by gains in the September contract on the Index which encouraged arbitraging between futures and underlying equities. Excitement, and share gains, were fuelled by a shortage of stock now imposing severe problems on marketmakers and would-be arbitrageurs alike.

A new intra day trading peak of 3,103.0, plus 23.8 on overnight, was established just ahead of the Wall Street's opening. When the Dow Industrial Average came in with a fall of 16 points in UK hours. London softened very slightly to end the session a net 21.4 up.

FT-A All-Share index



This week, the second leg of an equity account extended to cover Monday's Bank Holiday in the UK, has seen the Footsie rise by 43 points of 1.4 per cent. But the US buyers, who have been driving UK equities ahead this week, played a quieter role yesterday.

Also at a new peak was the FT-SE Mid 250 Index, 18.6 higher at 3,513.3.

Trading in non-Footsie stocks, the favourites of UK private investors, made up around 60 per cent of the day's Seaq total of 529.2m shares; Thursday's 670.9m Seaq-traded shares represented £1.42bn in retail business, a very profitable level for the UK securities industry albeit below Wednesday's record £2.3bn.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
Brit Land	1,300	380	+2
British Steel	4,400	113½	+1½
Bunzl	452	148	
Burmah Castrol†	442	785	+13
Burton	2,300	77½	
Cable & Wire.†	1,500	845	+6
Cadbury Schweppes†	1,500	481	+5
Calor Group	133	277	+1
Carlton Comms.†	492	798	-5
Coats Viyella†	954	248	-1
Comm. Union†	1,400	613	+1
Cookson	1,200	230	+1
Courtaulds†	1,200	567	+8
Inchcape†		943	
Johnson Matthey	349	502	+10
Kingfisher†	2,400	678	+13
Kwik Save	456	749	-3
Ladbroke†	6,200	204	+2
Land Securities†	1,000	678	+5
Laporte	104	696	-1
Legal & General†	1,800	486	+3
Lloyds Abbey	340	428	+1
Lloyds Bank†	1,600	559	+9
LASMO	10,000	153½	+7½
London Elect.	94	537	+3
Lonrho	723	129	-2
Lucas	6,700	159	+4
Rothmans†	1,100	717½	+13½
Ryl Bk. Scotland†	4,000	283	-4
Royal Insurance†	2,000	319	
Saatchi	1,300	164	
Sainsbury†	1,600	512	+5
Scottish & New †	2,100	482	
Scot. Hydro-Elect. †	355	379	+3
Scottish Power†	2,700	363	+2
Sears†	4,500	112	+1
Sedgwick	1,400	184	
Seeboard	651	603	+11
Severn Trent Water†	1,000	549	+8
Shell Transport†	2,300	678	+4
Vodafone†	2,900	579	+1½
Warburg (SG)†	605	809	+5
Wellcome†	1,900	742	-1
Welsh Water	318	628	+7
Wessex Water	219	646	+11
Whitbread 'A'†	7,500	534	-1
Williams Hldgs.†	1,300	358	+5
Wills Corroon	1,300	236	
Wimpey	279	186	+2
Wolseley†	663	658	+2
Yorkshire Elect.	233	569	+5
Yorkshire Water	268	558	+5
Zeneca†	1,400	714	+5
[illegible]			

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent.

Wellcome against the trend

DRUGS GROUP Wellcome moved against the market trend after reports that a broker had turned cautious on the stock.

The shares, which moved sharply ahead throughout last week and the early part of this week after US investors turned buyers of the drug sector, fell 10 to 733p in early trading yesterday on suggestions that leading agency broker James Capel had adopted a more cautious stance. The broker was also believed to have trimmed its forecast for the current year by £5m to £650m.

Bargain hunting and strength elsewhere in the stock market helped Wellcome reduce earlier losses and the shares finished a penny lighter at 742p, in trading of 1.5m.

Several analysts appeared likely to remain cautious on the stock in the near future. They cited stiffer competition for the group from rival SmithKline-Beecham, whose new Herpes drug Famcyclovir, to be launched early next year, is likely to be a strong competitor for Wellcome's Zoviarx, which currently provides the group with around 36 per cent of sales and about 50 per cent of profits. SmithKline Beecham "A" closed 12 up at 461p.

Lasmo active

A mixture of US buying and a run to catch the bull market proved a powerful cocktail which pushed oil stocks ahead amid substantial turnover.

Action was greatest in the secondliners with Lasmo reaching a hefty volume of 9.5m. After a recent run of large daily trading volume and steady price gains and recurrent bid rumours, one analyst said that a professional and concerted bull raid appeared to be taking place in the stock. "Bid rumours and options talk have been feeding the frenzy," he said.

Lasmo climbed 7½ to 153½p and marketmakers looked towards the US for buyers. American investors have increasingly viewed the UK oil sector as undervalued compared with their own domestic stocks.

Enterprise Oil also benefited from transatlantic interest boosted by a very positive stance from SG Warburg. The broker sees Enterprise as one of the soundest based stocks in a sector expected to bounce after underperforming the buoyant market. Enterprise, a tightly held stock, moved up 29 to 480p in turnover of 2.5m. Cairn Energy had a successful day with Strauss Turnbull going positive and it added 5 to close at 60p.

Burmah Castrol went up 13 to 785p ahead of interims next Thursday.

The larger oil stocks were slower off the mark, with BP losing a penny to 320p and Shell pushing up 4 to 678p.

News that Zeneca had received a UK licence for its heart drug Zestril attracted investors and the shares firmed 5 to 714p.

US buyers early in the session, together with a lack of stock later in the day, saw Glaxo jump 16 to 588p, as 4.8m shares were dealt.

Shares in chemicals company Brent International fell 7 to 116p, as the market reacted to an 86 per cent slump in interim profits, a warning from the chairman about full year profits and the departure of the company's chief executive.

The success of Reuters' £350m share buy-back offer boosted trading in the stock yesterday. The shares jumped 32 to 1552p.

This week's good results from Guardian Royal Exchange reverberated through the market, pushing the stock up 9 to 222p.

Among transports, a positive review on the sector from SG Warburg benefitted NFC, and the shares moved 8 ahead to 277p. Speculation of a cut in French interest rates boosted several stocks with French interest. That list included channel tunnel operator Eurotunnel, whose shares gained 11 to 477p. General investment support was seen for UK airport operator BAA and the shares moved 19 ahead to 816p.

Securities house UBS was said to be positive on Inchcape ahead of interim figures next month. The shares firmed 8 to 568p.

Bass lost 9 to 502p as James Capel turned negative. Allied Lyons, which in the previous session made solid gains, continued upwards with a rise of 5 to 633p.

Hopes that consumers would play a leading role in the recovery helped maintain a firm stores sector. Kingfisher pulled back ground lost in the previous session and moved ahead 13 to 678p while Marks and Spencer consolidated an already strong position with a rise of 4½ to 377½p. Dixons gained 4 to 237p as did Dunhill Holdings which reached 401p.

Good holiday bookings pushed Airtours upwards, adding 20 to the stock which reached 399p. Investor confidence was enlivened by Airtours out-performance of the sector in package bookings.

The recent honeymoon with the market enjoyed by Barclays after the appointment of Mr Martin Taylor as chief-executive designate began to crumble with Smith New Court advising a switch from the stock into Lloyds.

But Mr Martin Green of the broker said that the position was born out of a warming to Lloyds as opposed to a cooling with Barclays.

In an almost straight reversal of fortunes Barclays gave up 6 to 508p in moderate turnover of 3.5m while Lloyds added 9 to close at 559p with 1.6m shares changing hands.

TSB, which announced the sale of its car rental business EuroDollar, gained 3 to 203p.

Further appreciation of this week's sale by international mining group RTZ of most of its Pillar business for around £800m brought a further advance in the shares. They gained another 10 to 734p. MB-Caradon, the purchaser of the businesses, appreciated 4 to 340p.

MARKET REPORTERS:
Joel Kibazo,
Christine Buckley.

■ Other statistics, Page 9

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (225).
BRITISH FUNDS (20) OTHER FIXED INTEREST (2) BANKS (3) ABN, Bk. Scot. 9¼pc Pf., Do 9¾pc Pf., BREWERS (5) Devenish, Mansfield, Regent Inns, Scot. & Newcastle, Whitbread, BLDG MATLS (2) Sheffield Insltns., Tarmac, BUSINESS SERVS (4) Bridgend, Chubb, MITIE, Page (M), CONGLOMERATES (6) Chillington, Goode Durrant, Grampian, Ropner, Do A, Trafalgar Hse., CONTG & CONSTRCN (4) Barcom, Bellway, Sheriff, Westbury, ELECTRICALS (6) Arlen, Critchley, Delta, Kenwood, Marner-Swain, Volex, ELECTRICITY (9) Manweb, Midlands, Northern, Northern Ire., Scot. Hydro, Scot. Power, Seeboard, Sth. Western, Yorkshire, ELECTRONICS (10) Alba, Astec, Diploma, Electrocomps., Eurotherm, Farnell, GEC, Pressac, Process Systs., Racal, ENG AERO (3) Hunting 8¾pc Pf., ML, Westland, ENG GEN (7) Eadie, Hakra, Meggitt, Molins, Neepsend, Senior, TI, FOOD MANUF (3) Assoc. Fisheries, Linton Park, Northern Fds., FOOD RETAILING (2) M & W, Shoprite, HEALTH & HSEHOLD (5) IWP, Nestor-BNA, Paterson Zoch., Do NV, Zeneca, HOTELS & LEIS (7) Airtours, Do 6¾pc Pf., Magnolia, Manchester Utd., Ramsden's, Stakis, Thorn EMI, INSCE COMPOSITE (2) Allianz, GRE, INV TRUSTS (120) MEDIA (10) Abbott Mead V., Flextech, MAI, Do Wts., News Corp., News Intl., Pearson, Reed, Telegraph, Trinity, MERCHANT BANKS (4) Barings 8pc Pf., Do 9¾pc Pf., Close Bros., Singer & Friedlander, MTL & MTL FORMING (3) Cook (Wm), GBE, Savile Gordon, MISC (9) Airsprung Furn., Birkby, Bluebird Toys, Dudley Jenkins, Global, Lincoln Hse., Osborne & Little, Relyon, Silentnight, MOTORS (5) Bletchley, Davenport Vernon, Mayflower, Motor World, TLS Range, OIL & GAS (6) Brit. Borneo, Calor, Hardy, Pict, Shell, Tullow, OTHER FINCL (10) Aberdeen Tst., Caledonia, Edinburgh Fd. Mngrs., Invesco, Do 8pc '95-00, Lon. Forfaiting, Lon. Scottish, M & G, Rathbone Bros., Sharelink, OTHER INDLS (1) Charter, PACKG, PAPER & PRINTG (7) Bowater, Field, Hunters Armley, Portals, Serif, Wace, Waddington, PROP (25) STORES (9) Argos, Essex Furn., French Cnnctn., In Shops, Mallett, Marks & Spencer, Menzies, Rosebys, Tie Rack, TELE NETWORKS (2) GN Gt. Nordic, Vodafone, TEXTS (5) Jerome, Readmore, Shard, Strder, Worthington, TRANSPORT (8) BAA, Dawsongroup, Forth Ports, Manchester Ship, Stagecoach, Yard, WATER (1) South Staffs., PLANTATIONS (1) Anglo-East., MINES (1) RTZ.
NEW LOWS (8).
BRITISH FUNDS (4) Tr. 10pc '94, Ex. 12¼pc '94, Ex. 13¼pc '94, Tr. 14½pc '94, CONTG & CONSTRCN (1) BB & EA, ELECTRICALS (1) Clarke (T).

CHIEF PRICE CHANGES YESTERDAY

London (Pence)			
Rises			
Airtours	399	+	20
Anglo-Eastern	59	+	11
Cairn Energy	60	+	5
Chillington	39	+	5
Cranswick	193	+	9
Enterprise Oil	480	+	29
Essex Furniture	166	+	10
Eurotunnel Uts	477	+	11
Fife Indmar	60	+	4
Flextech	150	+	9
Greycoat	25	+	3
Lasmo	153½	+	7½
Mansfield Brewery	216	+	16
Pict Petroleum	134	+	8
Shanks & McEwan	184	+	13
Smith New Court	338	+	11
Waste Management	659	+	29
West Trust	41	+	4
Falls			
Brent Intl	116	-	7
Eidos	103	-	15
Fyffes	105	-	5
Lec Refrigeration	260	-	13
Pegasus	192	-	9
Sage Group	395	-	15

EQUITY FUTURES AND OPTIONS TRADING

BRISK trading in stock index futures provided the opportunity for substantial arbitraging in equities yesterday, writes Terry Byland. However, traders said that once again, severe shortage of stock in the underlying blue chip stocks had hampered dealing.

The September contract on the FT-SE Index traded 8,585 contracts, below Thursday's total, but still a healthy figure. Gains in the contract led the stock market ahead, taking it through the Footsie 3,100 mark as September moved to its day's peak of 3,123, at which stage it showed a premium of 20 points against cash.

However, futures settled lower and at the close, September, at 3,108, was almost in line with the fair value premium of about 7, which allows for carrying costs and dividend flows. Wall Street's opening weakness took the shine off London futures.

In traded options, activity focused on the Footsie option, where volume rose to 9,049 contracts from 7,098 the previous day, with the Euro Footsie recording 2,490.

FINANCIAL TIMES EQUITY INDICES

	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Year ago	* High	* Low
Ordinary share	2413.0	2383.5	2394.3	2373.5	2373.4	1680.6	2413.0	2124.7
Ord. div. yield	3.82	3.85	3.86	3.89	3.89	5.29	4.52	3.82
Earning yld % full	4.51	4.55	4.55	4.59	4.59	7.69	6.38	4.51
P/E ratio net	28.29	28.04	28.04	27.81	27.83	16.44	28.29	19.40
P/E ratio nil	26.13	25.89	25.90	25.68	25.70	15.30	26.13	18.14
Gold Mines	188.3	193.5	197.0	199.0	197.8	79.4	249.2	60.0

*for 1993. Ordinary share index since compilation: high 2413.0 27/8/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2399.7	2406.7	2405.8	2408.6	2406.8	2409.1	2411.9	2413.3	2413.1	2414.0	2399.7

Volume	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Year ago
SEAQ Bargains	35,580	31,881	31,865	28,734	33,507	17,194
Equity Turnover(£m)†	-	1421.3	2301.5	1251.9	1162.8	664.7
Equity Bargains†	-	35,616	35,709	33,524	38,590	19,253
Shares traded (ml)†	-	580.4	614.0	475.2	505.2	318.2

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday August 27 1993

Gold Mines Index	+	194.68	Media	+	17.17
Property	+	60.14	Insurance (Life)	+	16.26
Merchant Banks	+	59.02	Transport	+	16.13
Engineering-Aerospace	+	54.72	Insurance (Composite)	+	15.13
Metals & Metal Forming	+	44.72	Business Services	+	14.28
Contracting, Construction	+	41.18	Other Industrials	+	14.21
Building Materials	+	32.73	Conglomerates	+	13.13
FT-SE SmallCap	+	30.78	FT-A All-Share	+	12.74
Financial Group	+	30.46	Other Groups	+	12.40
FT-SE SmallCap	+	30.36	Telephone Networks	+	12.40
Banks	+	29.29	Water	+	12.29
Electronics	+	27.18	FT-SE-A 350	+	11.78
Investment Trusts	+	26.44	Hotels & Leisure	+	11.32
Capital Goods	+	25.49	Textiles	+	11.25
Engineering-General	+	22.94	Chemicals	+	10.20
Electricity	+	22.89	"500" Share Index	+	9.43
FT-SE Mid 250	+	22.72	Stores	+	9.21
FT-SE Mid 250 ex Inv Tst	+	22.64	FT-SE 100	+	8.93
Electricals	+	22.51	Industrial Group	+	8.29
Motors	+	22.43	Food Manufacturing	+	4.29
Insurance Brokers	+	21.38	Consumer Group	-	0.59
Oil & Gas	+	19.63	Brewers & Distillers	-	2.27
Packaging, Paper & Printing	+	18.06	Food Retailing	-	5.62
			Health & Household	-	16.66

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	119.0788	-0.004	6.83	6.82	7.04
BELGIUM		9.000	03/05	112.4900	-0.260	7.15	7.09	7.10
CANADA *		7.500	12/03	104.9250	-0.110	6.82	6.97	7.25
DENMARK		8.000	05/03	109.4500	+0.300	6.64	6.72	7.07
FRANCE	BTAN	8.000	05/98	109.5217	+0.423	5.62	5.77	6.18
	OAT	8.500	04/03	116.4200	+0.550	6.18	6.36	6.76
GERMANY		6.500	07/03	101.8800	+0.315	6.24	6.34	6.57
ITALY		11.500	03/03	117.5950	+0.235	9.84†	10.26	11.05
JAPAN	No 119	4.800	06/99	105.2106	+0.120	3.71	3.95	3.93
	No 157	4.500	06/03	102.3689	-0.001	4.16	4.28	4.11
NETHERLANDS		7.000	02/03	106.1500	+0.260	6.11	6.19	6.41
SPAIN		10.300	06/02	106.2250	-0.275	9.22	9.27	10.22
UK GILTS		7.250	03/98	103-26	+8/32	6.28	6.40	6.65
		8.000	06/03	108-04	+25/32	6.84	6.97	7.44
		9.000	10/08	116-03	+1¼	7.23	7.36	7.83
US TREASURY *		5.750	08/03	102-04	+3/32	5.47	5.62	5.93
		6.250	08/23	101-18	+14/32	6.13	6.23	6.69
ECU (French Govt)		8.000	04/03	109.1700	+0.690	6.67	6.84	7.24

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3100.6 +21.4	3513.3 +18.6	1537.57 +9.74

Hourly movements [illegible]

FT-SE Actuaries 350 Industry Baskets [illegible]

Equity section or group / Base date / Base value [illegible]

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	59	15	6	205	116	82
Other Fixed Interest	3	0	12	11	5	59
Commercial, Industrial	374	180	867	1,725	1,077	4,307
Financial & Property	292	65	463	1,052	590	2,446
Oil & Gas	18	16	47	114	87	204
Plantations	1	0	7	2	0	38
Mines	3	63	67	145	212	308
Others	16	51	56	222	179	220
Totals	766	390	1,525	3,476	2,266	7,664

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	158.8	158.2	166.6	-1.10	0.00
AIB Grofund Equity	6	221.0	224.2	237.2	+1.00	1.28
AIB Grofund Euro	5	178.9	180.3d	189.8	-2.30	0.20
AIB Grofund Exel Balanced	3	107.0	109.9d	113.3	+1.40	1.77
AIB Grofund Gilt	3	78.37	78.39d	80.82	+0.05	4.87
AIB Grofund Japan	5	183.4	185.1	194.8	+0.50	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	468.4	462.0	491.5	+4.7	2.25
General Acc	5	505.0	508.7	538.1	+5.0	2.25
UK Growth Acc	6	336.0	340.5	362.3	+3.6	2.44
UK Growth Inc	6	239.3	241.2	256.7	+2.7	2.44
Higher Inc Acc	6	625.0	633.3	673.8	+5.4	3.48
Higher Inc Inc	6	379.7	384.7	409.3	+3.3	3.48
Gilts/Fxd Int Acc	5½	188.0	188.0	198.4	+0.9	5.76
Gilts/Fxd Int Inc	5½	97.47	97.47	102.9	+0.4	5.76
Nth America	6	345.2	347.7	369.8	-4.7	0.00
Far East	6	323.1	326.2	347.1	+2.0	0.18
Europe	6	245.1	249.1	265.0	-1.0	0.77
Brit Excell	6	69.00	69.00	73.41	-0.80	2.49
Brit Fndmtls Acc	6	95.33	96.53	102.7	+0.8	4.29
Brit Fndmtls Inc	6	73.96	74.89	79.68	+0.44	4.29
Global Opps	6	77.51	78.99	84.04	-0.59	0.10
Balanced Acc	6	51.14	51.75	55.06	+0.5	2.43
Balanced Inc	6	51.14	51.75	55.06	+0.5	2.43

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilts & Fixed Int	6	136.4	136.4	144.6	+0.1	5.53
High Inc Equity	6	161.5	164.3d	174.7	+0.2	4.50
Worldwide Bond	6	270.6	270.6d	287.2	-2.5	3.66
American Growth	6	298.8	298.8	317.2	-4.1	1.13
Asian Pacific	6	252.0	257.1	273.5	-3.3	.30
Assets & Earnings	6	245.5	245.5	262.5	+1.1	2.11
Capital Reserve Acc	0	128.0	128.0	128.1	+0.2	4.75
Comdty & Energy	6	90.06	90.06	96.32	-1.87	.57
1990 Enterprise	6	81.27	87.27	93.33	+0.12	2.08
Euro Capital Acc	6	119.8	119.8	127.9	-1.0	.79
Euro Capital Inc	6	112.4	112.4	120.2	-0.9	.81
General	6	216.4	220.0d	234.0	+1.2	2.32
Japan	5	132.9	132.9	142.1	+0.4	-
Mastertrust	6	128.2	128.2	137.1	-0.3	1.25
UK Growth Acc	6	205.0	212.6	226.4	+1.0	2.10
UK Growth Dist	6	128.5	131.3	139.8	+0.6	2.15
US Emerging Cos	6	121.0	121.0	129.4	-2.4	-
Income & Growth	6	373.4	378.9	403.0	+1.5	3.26

Brown Shipley UT Mngrs (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412282

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	99.69	99.69d	106.1	-0.20	1.87
Mngd P'folio Acc	6	190.1	190.1	202.4	-0.40	-
UK Growth	6	167.0	169.5	181.3	+0.50	2.69
European Inc	6	23.53	23.53	25.32	-0.26	0.45
European Acc	6	24.30	24.30	26.15	-0.27	-
Financial	6	142.8	142.8d	151.8	+0.40	2.76
Foundation	6	84.40	86.57	92.20	+0.57	2.89
German	6	45.07	45.07	48.32	-0.45	0.08
High Income	6	78.27	78.27	83.74	+0.10	6.76
Income	6	138.9	141.1	150.9	-	3.64
Intl Income	6	100.5	100.5d	107.1	-0.10	4.37
Intl Growth ♣	6	36.21	36.21	38.56	-0.58	0.20
Monthly Income	6	80.36	82.11	87.85	+0.35	3.84
North American	6	107.1	107.1	114.1	-2.30	0.19
Orient ♣	6	139.8	139.8	148.8	-0.20	-
Recovery	6	43.14	44.87	48.23	-0.08	2.32
Smaller Cos Acc	6	308.7	325.3	348.1	+0.30	-
Smaller Cos Inc	6	180.2	189.3	202.5	+0.20	1.07

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	201.2	201.2	206.8	-	3.74

Burrage Unit Tst Mangmt Ltd (0805)F
117 Fenchurch St, London EC3M 5AL 071-480 7216

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Short Dated Gilt	1¼	68.06	68.06	68.98	+0.07	5.08

CIS Unit Managers Ltd (1000)F
PO Box 105, Manchester M60 0AH 061-837 5060

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Environ	6	142.1	145.3	154.6	+0.1	1.54
UK Growth	6	158.1	158.2d	168.4	+1.0	1.99
UK Income	6	132.9	134.5	143.1	+0.2	3.91

Canada Life Unit Tst Mgrs Ltd (1200)F
High St, Potters Bar, Herts, EN6 5BA 0707 651122

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Can Gen Dist	6	178.7	181.8d	192.5	+1.6	1.87
Do Gen Accum	6	333.2	338.6	358.6	+2.8	1.87
Do Income Dist	5	109.5	111.8	118.5	+0.7	4.30
Do Inc Accum	6	310.8	317.3	336.4	+2.0	4.30
Gilt & Fxd Int	6	42.82	42.87d	45.44	+0.32	8.12

Cannon Lincoln Fd Mngrs Ltd (1200)H
1 Olympic Way, Wembley, HA9 0NB
081-902 8876 Dealing: 0800 282021

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth	5½	47.14	47.29d	50.59	+0.53	2.75
Income	5½	57.72	57.90d	62.36	+0.41	3.98
Far East	5½	52.19	52.19	55.82	-0.28	0.00
North American	5½	92.19	92.31	98.26	-2.34	0.00
Global	5½	91.58	92.16	98.58	-0.28	0.65
European	5½	78.29	78.29	83.71	-0.40	0.62
Japan	5½	122.1	122.7	131.2	+0.80	0.01
Intl Currency Bd	5½	61.41	61.41	65.07	-0.22	5.85
SE Asia	6	91.21	91.21	97.55	-3.66	1.17
UK Capital Growth	6	87.88	87.88	93.99	-0.94	1.73

Capel-Cure Myers UT Mngt Ltd (1200)F

MGM Unit Managers Ltd (1600)F
MGM House, Heene Rd, Worthing
Dealing: 0277 261010 Enq: 0903 204631

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Growth ♣	6	71.63	72.00	76.58	-0.2	0.90
High Income	5	280.3	293.5	312.2	+0.9	4.24
(Accum Units)	5	503.7	509.3	541.8	+1.6	4.24
Intl Bond	5	68.62	68.62	72.17	-0.4	5.60
Intl Equity Growth ♣	6	65.88	65.90	70.10	-0.15	0.62
North American Growth	5	92.75	93.07	99.01	-1.42	0.70
Special Sits Growth	6	20.61	20.82	22.14	+0.04	1.94
UK Growth	6	357.2	359.5	382.4	+2.2	2.53
(Accum Units)	5	450.0	452.9	481.8	+2.7	2.53

MW Investment Managers Ltd (0859)F
46 Court St, Haddington, E. Lothian 062-082 5867

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
MW Joint Investors	0	1238.1	1238.1	1268.5	+1.4	1.5

Maldon Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031-222 4242

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maldon General	0	139.1	139.1	143.1	+5.5	4.06

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

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Singer & Friedlander UT Mgmt Ltd (1000)F
PO Box 224, Beckenham, BR3 4TF 081-663 3003

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Trust	6	58.38	58.51	60.12	-0.04	1.10
Far Eastern Tst	6	67.28	68.22xd	72.58	-0.58	0.16
Smaller Cos	5	169.2	174.2xd	185.3	+0.1	1.49

Smith & Williamson Unit Tst Mgrs (1700)F
1 Riding House St, London W1A 3AS 071-637 5377

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
S & W American £	5	278.3	278.7	295.0	+1.0	0.61
S & W Capital	5	123.5	125.5xd	135.7		1.24
S & W Cash £	0	101.89	101.89	101.89	+0.01	5.40
S & W European	5	122.3	122.3	129.4	-1.0	0.91
S & W Far Eastern	5	158.7	161.5	170.9	-1.1	0.00
S & W Growth	5	138.5	138.4xd	146.4	+0.2	1.18
S & W Income	5	125.2	125.4	133.8	+0.1	4.32
S & W Magnum	5	133.3	133.3	143.1		1.20
S & W Scottish Secs	5	330.8	347.1	367.3	+1.1	0.56
S & W Thoroughbred	5	156.4	158.4xd	167.0	-0.1	1.17

Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cash	1	50.08	50.08	50.58		5.3
Credit Prudence	5½	58.57	54.88xd	62.81	+0.01	7.3
Ethical	5½	56.39	57.19	60.63	+0.18	3.5
European Growth	5½	64.09	64.50	68.80	-0.82	2.5
Income	5½	56.63	57.07	60.87	+0.13	5.3
Intl Growth	5½	87.13	87.72	93.58	-1.08	2.6
Managed	5½	75.04	75.87xd	80.92	-0.32	3.3
UK Growth	5½	59.69	60.46xd	64.51	+0.24	4.0

Standard Life Tst Mgmt Ltd (0730)H
3 George St, Edinburgh EH2 2XZ

Foreign & Colonial Unit Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Balanced Acc Aug 25	190.1	207.0	+1.7	2.96
Balanced Inc Aug 25	195.8	208.3	+1.7	2.96
Latin American Acc Aug 25	110.0	117.4	-4.7	1.98

Funds in Court*

	Bid Price	Offer Price	+ or -	Yield Gross
Capital Aug 19	588.27	590.75	—	3.50
Gross Aug 19	220.60	222.37	—	9.46
High Yield Aug 19	381.91	384.83xd	—	7.14

* Restricted to funds under Court control

Govett (John) Unit Mngmt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Exempt	117.03	121.12	(z)	10.00

Henderson Unit Trust Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Pensions Mngd	67.00	68.37	+0.32	2.68
Henderson TR				
Ex European	1448.82	1458.25	-1.62	1.19
Ex Nth American	1405.82	1418.71	-39.99	0.81
Ex Pacific Basin	1013.85	1038.14	-1.56	0.50
Ex Smaller Cos Inc	2128.66	2228.32	+15.43	2.21
Ex Smaller Cos Acc	2278.55	2358.43	+16.53	2.21

INVESCO Asset Management Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Asia & Australasia	£3.4680	3.5510	—	2.28
Japan	£2.3298	2.3520xd	—	0.00
Intl Mngd P'Folio	£1.6350	1.7440xd	—	1.01
Mngd Pens	£0.9107	0.9906xd	—	3.02
North American	£2.5430	2.5680	—	2.64
Smaller Companies	[illegible]	[illegible]		

Albany Life Assurance Co Ltd - Contd.
Broker Funds

	Bid Price	Offer Price	+ or -	Yield Gross
YRA Strategy	159.4			
YRA Performance	181.2			

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL
Life Funds

	Bid Price
Fixed Int. Dep Acc	167.1
Equity Acc	1,322.5
Property Acc	480.2
Far East Acc	274.6
European Acc	35.4
Managed Acc	1020.4
O'seas Earnings Acc	593.1
Gilt Edged Acc	405.3
American Equity Acc	715.3
American Man.Acc	308.4
American Prop Acc	115.0
High Income Acc	31.0
Ser 4	
Fixed Int Dep Acc	29.5
Equity Acc	34.3
Property Acc	22.8
Far East Acc	31.8
European Acc	30.2
Managed Acc	33.9
Overseas Acc	34.3
Gilt Acc	35.8

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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Providence Capitol Life Assc. Co Ltd - Contd.

Save & Prosper Group (z)

Sun Alliance Group - Contd.

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

Royal Skandia Life Assurance Ltd (z)

Butterfield Fund Mngrs (Guernsey) Ltd

Equitable International Fund Managers Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Lazard Fund Managers (CI) Ltd

Merrill Lynch Guernsey

Genesis Portfolio Managers Limited

Kleinwort Benson Capital Mngt (Ireland) Ltd

Morgan Grenfell Fund Mngrs (Ireland) Ltd

Old Mutual International Fd Mngrs Ltd (z)

Old Mutual International Ltd

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Prudential Individual Life Funds

Prudential Individual Pension Funds

Reliance Mutual

J Rothschild Assurance PLC

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Life (Unit Linked Pensions) Ltd

Royal Liver Assurance

Scottish Mutual Assurance plc

Scottish Provident Institution

Scottish Widows' Group

Skandia Life Assurance Co Ltd (z)

Standard Life Assurance Company

Sun Alliance Group

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur. Co Ltd

Equitable Life (International)

Eurolife Assurance Group

Friends Provident International Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

Lombard International Group

Royal Life Intl. Ltd

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Albany International Assurance Ltd

CMI Insurance Co Ltd

Century Life International Ltd

MANAGEMENT SERVICES

Capital Trust Financial Management

Forster & Braithwaite Ltd

Henderson Fry Asset Managers Plc

Mitchell Williams & Company Ltd

Morgan Stanley & Co Ltd

Smith & Dunkley Invest Mngt Plc

Unified Financial Corporation Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

Lloyd George Management

Newport Investment Management

Orion Fund Limited

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

AIB Govett Inv Managers (Guernsey) Ltd

Adams & Neville Fd Mngmt (Guernsey) Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

Royal Bank of Canada Offshore Fd Mgrs Ltd (z)

Schroder Investment Management (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

Credit & Co Fund Managers Limited

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mngrs

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

Jardine Fleming Fd Mngrs

M & G (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

Prudential-Bache Fund Managers

Sarasin Investment Management Ltd

Unifund

- 129½

Capital Ld 7% Cnv Cap Bds 2004 (£1000&10000) - £129 ¼ ⅝ (25Au93)

Chemical Industries PLC 9¾% Bds (Br£1000&10000) - £114 (25Au93)

National Bank for Rec & Dev 9¼% Bds (Br£5000) - £115 (24Au93)

National Bank for Rec & Dev 10% Bds (Br£1000&10000) - £114¾ф

Republic of) 10½% Bds 2014 (£1000&50000) - £122¼ (24Au93)

Development Bank 8% Gtd Nts (£5000) - $103.45 103.55 (20Au93)

Electric Power Co Inc 7⅛% Nts 1998 - £101⅜

Group PLC 5⅛% Subord Cnv Bds (£1000&5000) - £132¼ (30Au93)

Group PLC 6⅞% Bds 2003 2003 - £103.15

Group Finance(Jersey)Ld 9% Cnv 2005 (Br£5000&100000) - £103½

PLC 9½% Bds (£1000&10000) - £109½ (25Au93)

PLC 9⅜% Cnv Bds 2004 (£50000) - £121⅜ ¼

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JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS
(2:45 pm)

[illegible]

CANADA
(3 pm)

[illegible]

AUSTRIA

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

NETHERLANDS

[illegible]

SWEDEN

[illegible]

NORWAY

[illegible]

SWITZERLAND

[illegible]

ITALY

[illegible]

SPAIN

[illegible]

SOUTH AFRICA

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

JAPAN

[illegible]

HONG KONG

[illegible]

AUSTRALIA

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

INDICES

NEW YORK

DOW JONES	Aug 26	Aug 25	Aug 24	Aug 23	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	[illegible]	3652.09	3638.95	3605.30	3652.09 (25/8)	3241.95 (20/1)	3652.09 (25/8/93)	41.22 (2/7/32)
Home Bonds	109.43	109.37	109.32	109.29	109.43 (26/8)	103.49 (11/1)	109.43 (26/8/93)	54.99 (1/10/81)
Transport	1651.42	1664.67	1649.71	1631.55	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	254.75	254.56	252.90	251.06	254.75 (26/8)	217.14 (8/1)	254.75 (26/8/93)	10.50 (8/4/32)

DJ Ind. Day's High 3681.71 (3674.17) Low 3620.23 (3620.51) (Theoretical♦)
Day's High 3654.11 (3657.88) Low 3640.81 (3637.58) (Actual♦)

STANDARD AND POOR'S

	Aug 26	Aug 25	Aug 24	Aug 23	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	461.04	460.13	459.77	455.23	461.04 (26/8)	429.05 (8/1)	461.04 (26/8/93)	4.40 (1/6/32)
Industrials♥	522.07	521.55	522.10	517.39	524.99 (10/3)	496.48 (26/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	47.08	46.93	46.91	46.27	47.08 (26/8)	39.89 (8/1)	47.08 (26/8/93)	8.64 (1/10/74)
NYSE Composite	255.83	256.35	255.15	252.91	256.83 (26/8)	236.21 (8/1)	255.83 (26/8/93)	4.46 (25/4/42)
Amex Mkt. Value	454.23	454.42	455.20	448.51	454.42 (25/8)	395.84 (8/1)	454.42 (25/8/93)	29.31 (9/12/72)
NASDAQ Composite	731.39	733.66	735.14	730.86	735.14 (24/8)	645.87 (26/4)	735.14 (24/8/93)	54.87 (31/10/72)

	Aug 20	Aug 13	Aug 6	year ago (approx.)
Dow Industrial Div. Yield	2.82	2.86	2.87	3.17

	Aug 25	Aug 18	Aug 11	year ago (approx.)
S & P Industrial div. yield	2.46	2.48	2.52	2.62
S & P Indl. P/E ratio	27.86	25.60	25.14	23.06

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Philip Morris	3,237,100	48	- ⅞
Bnt Petro	4,462,400	50¾	+ 1⅝
Merck	2,967,100	32¾	+ 1
RJR Nabisco	2,742,300	5½	+ ⅛
GTE Corp	2,504,300	36½	+ ⅛
Amer T & T	2,213,900	60¼	+ ⅛
Home Depot	2,248,500	40½	- 1
Humana	2,156,300	13¼	+ ¼
Gen Motors	2,034,300	47⅝	+ ⅞
Borden	2,023,500	17	+ ¼

TRADING ACTIVITY

† Volume (Millions)	Aug 26	Aug 25	Aug 24
New York SE	243.605	297.146	284.873
Amex	19.280	10.143	23.709
NASDAQ	290.447	327.230	283.379
NYSE			
Issues Traded	2,602	2,597	2,597
Rises	1,022	1,098	1,301
Falls	910	858	679
Unchanged	670	641	616
New Highs	140	194	147
New Lows	13	13	15

CANADA

TORONTO	Aug 26	Aug 25	Aug 24	Aug 23	1993 HIGH	1993 LOW
Metals & Minerals	3111.29	3139.23	3120.54	3127.57	3143.94 (19/8)	2240.31 (21/1)
Composite	4115.37	4132.09	4112.32	4091.30	4122.90 (25/8)	3275.30 (21/1)
MONTREAL Portfolio	1940.03	1956.22	1957.00	1936.01	1957.00 (24/8)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	Aug 27	Aug 26	Aug 25	Aug 24	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1948.6	1941.5	1922.6	1924.2	1948.60 (27/8)	1495.00 (13/1)
All Mining (1/1/80)	878.7	888.8	881.7	851.4	904.50 (2/8)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	401.07	401.71	401.49	399.02	401.71 (26/8)	300.28 (14/1)
Traded Index (2/1/91)	1004.24	1006.18	1003.75	995.78	1008.70 (10/8)	712.08 (15/1)
BELGIUM						
BEL20 (1/1/91)	1315.13	1325.37	1336.41	1337.12	1365.70 (12/8)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	334.43	335.53	335.12	335.39	340.58 (19/8)	281.80 (4/1)
FINLAND						
HEX General (28/12/90)	1421.0	1433.9	1416.0	1450.6	1492.90 (19/8)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	594.16	590.02	586.65	579.77	594.16 (27/8)	471.24 (13/1)
CAC 40 (31/12/87)	2183.88	2173.61	2159.31	2123.40	2183.88 (27/8)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	734.83	735.83	740.61	734.10	746.66 (19/8)	598.82 (14/1)
Commerzbank (1/12/53)	2081.5	2094.7	2109.4	2060.6	2123.80 (19/8)	1694.30 (14/1)
DAX (30/12/87)	1904.60	1901.15	1917.78	1897.69	1938.98 (19/8)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7422.98	7449.08	7265.58	7327.68	7605.28 (19/8)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1745.56	1746.81	1748.26	1735.47	1754.84 (18/8)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	627.91	624.21	617.25	615.68	627.91 (27/8)	446.33 (8/1)
MIB General (4/1/93)	1379.0	1371.0	1356.0	1353.0	1379.00 (27/8)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	20791.68	20591.76	20521.45	20431.84	21076.00 (3/8)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1670.54	1654.36	1649.37	1642.31	1688.04 (16/8)	1250.06 (25/1)
2nd Section (4/1/68)	2250.16	2231.98	2230.47	2228.08	2384.97 (7/6)	1651.72 (28/1)
MALAYSIA						
KLSE Composite (4/4/86)	803.49	811.78	805.72	805.47	811.78 (26/8)	614.28 (13/1)
NETHERLANDS						
CBS Tot.Rtn.Gen.(End 1983)	378.5	378.1	372.9	375.9	378.90 (25/8)	295.70 (4/1)
CBS All Shr (End 1983)	243.4	248.8	248.6	246.7	248.60 (25/8)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	925.14	929.11	931.40	921.64	979.17 (13/5)	668.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1814.31	1769.17	1777.77	1793.52	1814.31 (27/8)	1270.88 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	507.07	507.52	502.25	498.56	507.52 (26/8)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1714.0♥	1799.0	1756.0	1788.0	2098.00 (30/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4614.0♥	4623.0	4624.0	4617.0	4719.00 (8/7)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	685.87	695.74	705.10	715.03	777.25 (8/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	302.97	299.52	297.81	293.84	302.97 (27/8)	215.60 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1270.2	1251.0	1265.3	1269.6	1339.10 (18/8)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1069.1	1069.5	1077.9	1070.2	1077.90 (25/8)	904.80 (11/1)
SBC General (1/4/87)	850.0	849.6	854.7	849.1	854.70 (25/8)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	3913.05	3934.67	3976.63	3977.37	5015.28 (7/4)	3088.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	952.53	951.77	952.33	943.93	998.44 (25/1)	818.84 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	603.1*	595.2	593.2	594.0	602.00 (19/8)	488.60 (13/1)
Euro Top-100 (26/6/90)	1129.77	1122.92	1124.58	1113.55	1132.14 (18/8)	862.73 (13/1)

**Saturday August 21: Taiwan Weighted Price: 4020.35, Korea Comp Ex: 734.39.
♥ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000; JSE Gold - 255.7, JSE 20 Industrials - 264.3 and Australia All Ordinary and Mining - 500. (c) Closed. (u) Unavailable.

AMERICA

Dow reverses in line with bond market

Wall Street

US STOCKS followed bond prices lower as the equity markets ended on a downbeat note after what had, until yesterday, been a positive week, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was down 20.40 at 3,627.78. The more broadly based Standard & Poor's 500 was 1.64 lower at 459.40, while the Amex composite was down 0.16 at 454.04, and the Nasdaq composite up 1.08 at 732.47. Trading volume on the NYSE was light at 121m shares by 1 pm, and declines outnumbered rises by 1,007 to 762.

Equity prices have been following bond prices higher all summer, so the morning's declines in bonds had an immediate effect upon stocks when the markets opened. Amid considerable profit-taking, the benchmark 30-year government bond fell more than one point, pushing the yield back up towards 6.2 per cent.

That decline sparked heavy selling of stocks, sending the Dow more than 20 points lower by late morning. Later, bond prices recovered somewhat, and by early afternoon trading the 30-year bond was down [illegible] at 101[illegible], yielding 6.131 per cent.

Equities, however, failed to match the bond market's recovery, as investors continued to lock in some of the profits earned this week.

Analysts were not perturbed by the sell-off, noting that trading volume was light throughout the morning session. Optimists believe that any correction in prices will set the stage for the Dow to assault 3,700.

National Medical Enterprises lost $3¼, or 30 per cent, to $7⅝ in volume of 5.5m shares on news that more than 20 of the company's facilities were raided by FBI agents as part of a broad inquiry into alleged criminal misconduct by National Medical, which operates private hospitals.

American Telephone & Telegraph went against the trend, climbing $1¾ to $62¼ in volume of 2m shares on hopes that talks between the telecommunications group and cable companies about the creation of a multi-media communications network will eventually bear fruit.

Drug stocks were mixed. Merck rose $¼ to $32¾ and Bristol-Myers Squibb gained $¼ at $55⅞, but Pfizer gave up $⅜ at $63¼ and Schering-Plough fell $¾ to $60⅛.

Nichols Institute, traded on the American Stock Exchange, fell $⅝ to $5⅝, and Unilab, traded on the Nasdaq market, fell $⅞ to $6¾, after both were told to expect federal investigators to subpoena company documents as part of an investigation about possible Medicare fraud by medical testing laboratories.

Canada

TORONTO was slightly higher in sluggish midday trade, the TSE 300 composite index rising 5.85 to 4,121.45 in volume of 34.2m shares worth C$373.6m.

Advances led declines by 162 to 107. Paper and forest products led indices higher, followed by gold shares.

EUROPE

Paris, Madrid, Lisbon set new record highs

FRANCE and Spain in particular thought positively yesterday but investment decisions elsewhere were not made easier by opposing views on Europe and the US from two big UK merchant banks, *writes Our Markets Staff.*

Baring Securities overweighted continental Europe (especially Germany) and underweighted the US within a flow of funds approach to global strategy published yesterday; on Thursday, Kleinwort Benson moved in the opposite direction.

PARIS shot forward to set a new record high of 2,198 in the CAC-40 index during the session before late profit-taking dragged it back to close up 10.27 at 2,183.88, a week's rise of 2.6 per cent. Turnover was estimated at FFr4.2bn.

Kleinwort Benson, in its latest French equity review, forecast that the CAC-40 could reach 2,300-2,350 by the end of the year as lower interest rates begin to take hold. The brokers added that they did not expect a fall in the index because of poor corporate profits: "The worse the figures are, the faster and further interest rates will have to be brought down."

BSN was one of the few issues to go against the trend, falling FFr16 to FFr912. The stock was affected by news that Heineken of the Netherlands was recalling bottles, made by BSN's Dutch subsidiary, because of an alleged bottling fault. Bouygues put on FFr18 to FFr727 after announcing that one of its divisions had won a FFr1.3bn contract to build the terminal for the Hong Kong metro linking the new airport to Kowloon.

FRANKFURT began by incorporating, and adding to, its post-bourse fall on Thursday after the Bundesbank's decision not to cut its key interest rates. But the DAX index recovered from a low of 1,887.83 to close 3.45 up on the day, and 0.9 per cent down on the week at 1,904.60.

Dealers gave the credit to short-covering before the weekend and renewed optimism on interest rates. However, turnover eased from DM6.8bn to DM6.7bn. Enthusiasm was curbed by the approach of the UK bank holiday on Monday, and the renewed weakness in the dollar which hit big German exporters on Thursday.

Retailers were weak. Revised sales figures, and a forecast of higher 1993 profits from Kaufhof did not stop the shares falling DM6.50 to DM530. Karstadt, Germany's largest department store chain, fell DM13.50 to DM576 on a 2 per cent rise in first half sales, profits below expectations and no hope of a second half improvement.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

August 27 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1298.46	1300.67	1303.12	1304.94	1308.43	1308.24	1309.04	1308.15
FT-SE Eurotrack 200	1393.66	1395.87	1397.19	1396.34	1399.46	1401.07	1401.17	1397.66

	Aug 26	Aug 25	Aug 24	Aug 23	Aug 20
FT-SE Eurotrack 100	1298.46	1310.93	1296.82	1291.83	1297.31
FT-SE Eurotrack 200	1384.05	1385.62	1375.46	1374.00	1380.12

Base value 1000 (26/10/90) High/day: 100 - 1310.26; 200 - 1402.62 Low/day: 100 - 1298.40 200 - 1392.13

AMSTERDAM recovered some of Thursday's losses and the CBS Tendency index ended 0.6 higher at 128.1, barely changed over the week.

News that Heineken was to recall and destroy 17m bottles of its export brand after glass splinters were discovered in some batches initially took the shares down to a day's low of Fl 180.20; but they later recovered to end up 80 cents at Fl 186.00. Analysts remarked that the news was unlikely to have a long-term effect on the brewer's earnings.

Among other major stocks, ABN Amro added 60 cents to Fl 67.20 on news of better-than-expected interim figures and plans for a rights issue, while DSM, which had fallen sharply on Thursday over worries in the European chemicals sector, regained Fl 1.70 to Fl 96.30.

MADRID broke the 300 barrier, the general index closing 3.45 higher at 302.97, up 3.8 per cent on the week with the support of interest rate hopes and the rise in the Spanish bond market.

Turnover shot up from Pta27bn to about Pta36.8bn. Most banks and some construction shares were strong, but one of the biggest individual rises was in Ercros, the chemical group controlled by the Kuwait Investment Office, which reported a cut in net losses and rose Pta20 to Pta154.

MILAN was firmer in fairly active trading helped by the government's decision after the close on Thursday to give the go ahead for a number of public construction projects, including a high-speed train link. The Comit index put on 3.70 to 627.91, a week's rise of 2.2 per cent.

In the construction sector Italcementi added L382 to L12,330 and Italmobiliare, the holding company, L1,168 to L44,450. Unicem, the cement manufacturer, rose L140 to L10,100.

STOCKHOLM rebounded sharply after several days of declines, the Affärsvärlden general index adding 19.2 to 1,270.2, down 3 per cent on the week.

Turnover rose to SKr1.64bn. The bank and insurance sector index climbed 3.4 per cent with Handelsbanken up SKr11 to SKr129, and S-E Banken up SKr2 to SKr76. SCA B fell SKr2 to SKr129 after announcing a SKr1.4bn rights issue while Volvo B rose SKr16 to SKr470 after Thursday's good interim figures.

LISBON reported another spurt of foreign buying as the BTA index rose 43.0 to a new 1993 high of 2,565.0, 2.8 per cent higher on the week.

ISTANBUL added 2.1 per cent to settle at a new record high, the composite index adding 244.1 to 12,020.6 for a week's gain of 8 per cent. Turnover was about TL1,200bn.

SOUTH AFRICA

GOLD shares retreated as the price of bullion failed to pull above $370. The index lost 45 to 1,714 while industrials shed 9 to 4,614. The overall index fell 37 to 4,017 as De Beers lost all of Thursday's gains, down R2.25 to R87.

Good results, political action lift China shares

Zhang Tingting on the Shanghai/Shenzhen rallies

China B shares in Shanghai and Shenzhen have staged a strong comeback recently after months of decline. Since early August, and after a good day for share prices yesterday, the Credit Lyonnais Securities Shanghai B-share index has risen by 20.4 per cent to 754.56 and its Shenzhen B counterpart by 16.3 per cent to 947.86.

In Shanghai, the birthplace of both China's communists (1921) and its first capitalist stock exchange (1990), trading in B shares, which foreigners can buy, hit a record high of $2.24m in average daily turnover in the second week of August after the inception of H shares in Hong Kong in July: the H shares, listed in the colony, were in four state-run enterprises from mainland China.

Mr Andrew Leung, a China analyst at Smith New Court in Hong Kong, attributes the Shanghai rallies to the encouraging interim results from several companies and the rumours that three of the 12 B share companies – Shanghai Tyre and Rubber, Chlor-Alkali and No 2 Textile Machinery – are applying for American Depository Receipts.

The profits news apparently triggered bargain hunting, overseas investors believing that B shares had bottomed out after dropping near to a single digit price/earnings ratio.

In addition, there was action to stabilise the Chinese currency by Mr Zhu Rongji, China's vice-premier in charge of economic reform, who took over in July as governor of the People's Bank of China, the country's central bank. His support for the yuan against the US dollar also helped boost B shares, which are quoted and traded in dollar terms.

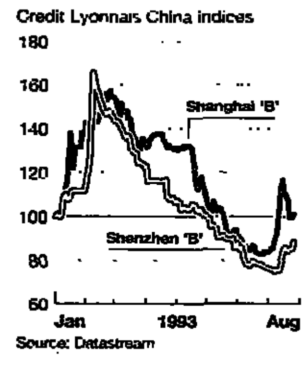
Citibank of the US, one of the pioneers in China's equity markets, missed out on the recent share price recovery. But Mr William Calvert, one of its Far East investment managers in London, is not too unhappy.

The US investment bank bought $500,000 of China's first batch of B shares in February, 1992, when the country opened its new equity markets to foreigners. It sold out with "fantastic profits" last year though Shanghai dropped by about 50 per cent at one point on expectations of a government clampdown on the overheated economy.

B shares have their drawbacks. Mr Calvert says that even Shanghai, generally perceived as hosting higher quality companies than Shenzhen, comes "very low down the list" in Citibank's current exploration of emerging markets.

China

Credit Lyonnais China indices



Source: Datastream

The limited number of B shares available – 12 in Shanghai and 17 in Shenzhen so far – make liquidity a problem. And this is exacerbated by the fact that most of the shares, floated by placings, are in the hands of managers of about 30 China funds which have mushroomed during the China craze of the past year. Consequently, a small buying or selling interest is able to move a price sharply.

Investors in China's B share markets are not afforded the same legal protection as they would get in Hong Kong where the newly listed H shares, says Mr Leung, are "exposed to basically the same political and economic risks as the B shares inside China".

All B share companies, too, still feature dual accounting systems – international accounting standards (IAS) are compulsory for final results and optional for interim results. Last year, results were published in the Chinese accounting style and in the Chinese language a week before the English version, compiled according to international standards, presenting severe problems for foreign analysts.

Transparency is low: relevant information has traditionally been regarded as secret, and liable to weaken the company's position if obtained by its competitors.

The fact that the government has a controlling stake in all listed companies gives rise to concern among overseas investors over politically-appointed management and questions about its competence, directly affecting equity market performance.

In spite of these problems, China continues to attract long-term investors as a potential economic superpower and centre of growth in the coming decades.

"They're fully aware of the risks and are prepared to take them," says Mr Guy Stevinson, a broker with Standard Chartered Securities.

Most observers believe the current central government's attention to Shanghai's development and reform will allow the city to realise the dream of restoring its past glory as a major financial centre in East Asia, while Shenzhen will develop toward a merger with Hong Kong after 1997, when Britain returns the territory to China.

According to Mr Li Chuwen, an adviser to the Shanghai municipal government, its turnover in all shares (A shares for domestic investors and B shares for overseas) reached Rmb76bn ($13bn) last year and is expected to hit Rmb300bn by the end of this year.

Shanghai plans to be number two Far East stock exchange to Japan in terms of annual turnover by 1995, he said.

ASIA PACIFIC

Rate cut hopes support Nikkei average

Tokyo

RENEWED hopes of an imminent cut in the official discount rate bolstered futures trading, and share prices gained ground on arbitrage related buying, *writes Emiko Terazono in Tokyo.*

The Nikkei average saw its fourth consecutive advance, rising 199.92 to 20,791.68, for a week's gain of 0.9 per cent. The index fell to the day's low of 20,579.56 soon after the opening, but gained ground during the day, hitting a high of 20,863.39 in the final 30 minutes.

Volume was 330m shares, topping 300m shares for the first time since August 17. Brokers actively traded on their own accounts, on the first day for September delivery. Advances outnumbered declines by 827 to 169, with 160 issues unchanged. The Topix index of all first section stocks put on 16.18 to 1,670.54 and in London the ISE/Nikkei 50 index rose 2.60 to 1274.72.

A fall in short-term interest rates encouraged investors. The three month certificates of deposit fell 0.03 percentage points to a record low of 2.85 per cent, while the unsecured overnight call rate, which is closely controlled by the Bank of Japan, also eased.

Lower interest rates supported banks and Industrial Bank of Japan rose Y40 to Y3,440 and Bank of Tokyo gained Y40 to Y1,730.

Fujitsu, the day's most active issue, rose Y37 to Y834, a new high of the year, on the telecommunications infrastructure theme. Traders also said that some investors were interested in the company's development of a device which calculates the total cost of grocery shopping without taking the goods out of the shopping basket.

Enthusiasm toward telecom related stocks supported Oki Electric Industry, which gained Y13 to Y543 and Nippon Telegraph and Telephone, which advanced Y4,000 to Y947,000.

Showa Sangyo, a food processing company, rose Y3 to Y614 on hopes that deregulation in the food industry would allow the company to procure raw materials at lower prices.

In Osaka, the OSE average gained 236.69 to 22,746.25 in volume of 33.7m shares.

Roundup

AFTER a week of record performances among the region's markets, many investors chose to take profits ahead of the weekend.

HONG KONG saw late demand for blue chips help lift the index from early lows, but profit-taking was in evidence after Thursday's strong performance.

The Hang Seng index closed off 26.10 at 7,422.98, having fallen by 78 points at one stage. The index fell by 1.6 per cent over the week. Turnover was HK$3.35bn.

HSBC Holdings, the day's most active issue, fell 50 cents to HK$83 while Swire Pacific, which announced disappointing interim results on Thursday, lost HK$1.25 to HK$36.75. Cathay Pacific, in which it holds a 51 per cent stake, rose 10 cents to HK$10.30.

SINGAPORE also lost ground as investors took profits after Thursday's record run, the Straits Times Industrial index falling 2.27 to 2,007.92, a 1.7 per cent rise on the week.

Volume rose to 355.6m shares against 277.3m on Thursday.

SEOUL continued its downward trend with a fall of 9.87 in the composite index to 685.87, its fifth straight loss and a week's decline of about 6 per cent. Turnover rose from Won 212.2bn to Won229.2bn.

TAIWAN lost 1.6 per cent on weakness in the financial sector, the weighted index falling 64.71 to 3,919.96 for a 3.1 per cent decline on the week. Turnover was T$11.4bn.

AUSTRALIA recovered early losses as both News Corp and BHP rose to new record highs. The All Ordinaries index closed up 7.1 at 1,948.6, a week's gain of 1.1 per cent, in turnover of A$807.4m.

JAKARTA set another new high, the JKSE climbing by 4.11 to 409.67.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 26 1993								WEDNESDAY AUGUST 25 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	146.30	+0.6	143.89	96.55	126.88	144.89	+0.8	3.48	145.42	145.43	96.43	127.62	143.68	146.94	117.39	130.28
Austria (17)	171.81	+1.6	168.97	113.39	149.00	149.17	+0.4	1.30	169.11	169.12	112.14	148.41	148.57	171.81	131.16	150.15
Belgium (42)	148.43	-0.7	145.97	97.94	128.71	130.49	-0.7	4.39	149.50	149.51	99.12	131.20	131.43	156.76	131.19	143.42
Canada (108)	128.12	-0.5	126.00	84.55	111.10	121.91	-0.5	2.77	128.82	128.83	85.41	113.04	122.57	130.38	111.41	125.90
Denmark (33)	221.72	+0.5	218.06	146.32	192.27	206.87	-0.2	1.09	220.59	220.60	146.27	193.59	207.24	227.15	185.11	226.15
Finland (23)	112.94	+1.0	111.07	74.54	97.94	137.45	+0.1	0.88	111.84	111.84	74.16	98.15	137.28	118.56	65.50	59.93
France (97)	166.96	+0.9	164.20	110.18	144.77	153.01	+0.6	3.02	165.50	165.51	109.74	145.23	152.13	167.36	142.72	156.70
Germany (60)	123.87	+0.4	121.82	81.76	107.42	107.42	-0.8	1.98	123.42	123.42	81.85	108.31	108.31	124.94	101.59	117.03
Hong Kong (55)	293.01	+2.2	288.17	193.36	254.11	291.58	+2.2	3.38	286.76	286.78	190.15	251.67	285.40	301.81	218.82	224.26
Ireland (15)	169.67	+0.2	166.87	111.97	147.14	171.39	+0.0	3.26	169.35	169.36	112.29	148.61	171.42	171.98	129.28	157.34
Italy (70)	79.39	+1.6	77.10	51.73	67.98	93.01	+1.1	1.75	77.16	77.16	51.16	67.71	92.04	78.39	53.78	63.57
Japan (470)	157.33	+0.7	154.73	103.83	136.46	103.83	+0.3	0.80	156.17	156.18	103.56	137.07	103.56	165.91	100.75	107.66
Malaysia (69)	385.78	+0.8	379.41	254.58	334.54	378.73	+0.7	1.81	382.77	382.79	253.80	335.90	375.91	385.78	251.68	233.24
Mexico (19)	1747.05	-0.6	1718.18	1152.93	1515.02	5936.69	-0.6	0.83	1756.88	1756.99	1164.97	1541.82	5970.10	1757.05	1410.30	1301.83
Netherland (24)	191.69	+0.3	178.69	119.90	157.56	155.61	-0.8	3.47	181.12	181.13	120.10	158.95	158.86	181.69	150.39	167.19
New Zealand (13)	62.00	+0.4	60.97	40.92	53.77	59.25	+0.8	3.76	61.77	61.77	40.96	54.21	58.81	62.98	40.56	42.77
Norway (22)	172.74	+1.2	169.88	114.00	149.80	170.33	+0.4	1.55	170.62	170.63	113.14	149.74	169.69	177.31	137.71	156.05
Singapore (38)	265.77	+1.7	261.04	188.59	247.81	211.82	+1.7	1.63	280.97	280.99	186.31	246.57	208.33	285.77	207.04	190.39
South Africa (60)	136.46	-0.7	193.21	129.64	170.36	201.92	+0.0	2.56	197.81	197.82	131.16	173.59	201.91	215.29	144.72	188.89
Spain (43)	138.69	+0.9	136.40	91.53	120.27	142.21	+0.8	4.01	137.52	137.53	91.19	120.68	141.06	138.69	115.23	136.94
Sweden (36)	181.24	-0.8	178.25	119.61	157.17	216.72	-0.8	1.55	182.75	182.76	121.18	160.39	218.46	196.23	149.70	185.13
Switzerland (50)	135.96	+0.3	133.71	89.73	117.92	123.78	-0.8	1.75	135.55	135.56	89.89	118.97	124.75	135.96	108.91	112.04
United Kingdom (218)	189.10	+1.7	185.98	124.78	163.97	185.98	+0.0	3.77	185.96	185.97	123.30	163.18	185.97	189.35	162.00	180.65
USA (520)	186.39	+0.2	185.27	124.33	163.38	188.39	+0.2	2.72	188.03	188.04	124.68	165.02	188.03	188.39	175.38	168.52
Europe (750)	156.77	+1.0	154.18	103.46	135.98	148.86	-0.1	3.00	155.24	155.25	102.94	138.25	149.03	156.77	133.92	146.08
Nordic (114)	173.94	-0.2	171.07	114.79	150.84	182.16	-0.5	1.36	174.22	174.23	115.52	152.89	183.01	183.23	142.13	168.91
Pacific Basin (714)	161.42	+0.8	158.75	106.53	139.99	111.12	+0.4	1.06	160.12	160.13	106.18	140.52	110.67	168.80	105.89	112.00
Euro-Pacific (1464)	159.40	+0.9	156.77	105.18	138.22	126.33	+0.2	1.85	158.01	158.02	104.76	138.66	126.09	162.72	117.26	125.79
North America (626)	184.64	+0.2	181.59	121.86	160.14	183.86	+0.2	2.72	184.34	184.35	122.25	161.81	183.56	184.64	171.51	165.85
Europe Ex. UK (532)	136.43	+0.5	134.23	90.09	118.38	127.30	-0.2	2.49	135.78	135.79	90.05	119.19	127.53	136.48	112.51	125.06
Pacific Ex. Japan (244)	201.93	+1.3	198.65	133.32	175.18	186.86	+1.4	3.01	199.33	199.34	132.19	174.95	184.27	202.66	152.70	154.63
World Ex. US (1651)	159.72	+0.8	157.08	105.41	138.51	128.47	+0.2	1.87	158.44	158.45	105.07	139.05	128.26	162.78	118.51	127.16
World Ex. UK (1953)	166.25	+0.5	163.50	109.72	144.18	143.21	+0.2	2.02	165.49	165.50	109.74	145.25	142.93	167.77	134.22	136.31
World Ex. So. Af. (2111)	168.19	+0.6	165.41	111.01	145.87	146.57	+0.2	2.18	167.21	167.22	110.89	146.76	146.31	169.60	137.29	139.89
World Ex. Japan (1701)	176.09	+0.5	173.18	116.22	152.73	171.61	+0.1	2.82	175.21	175.23	116.19	153.79	171.38	176.09	157.47	158.63
The World Index (2171)	168.27	+0.6	165.49	111.05	145.93	147.05	+0.2	2.19	167.30	167.31	110.94	146.63	146.79	169.68	137.32	140.15

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Funding 6pc 1993‡‡	100xd	—	100¼	99 21/32	6.00	–
Treas 13¾pc 1993‡‡	101 13/16	-1/16	106 3/16	101½	13.51	5.59
8½pc 1994	101¼	—	102 13/16	101¼	8.40	5.54
14½pc 1994‡‡	104 13/32xd	-3/32	109¼	104 13/32	13.88	5.54
Exch 13½pc 1994	105⅛	-1/16	108 3/16	105⅛	12.84	5.49
Treas 10pc Ln 1994‡‡	103 7/16	-1/16	105 11/16	103 3/16	9.67	5.46
Exch 12½pc 1994	108 11/32	-1/16	110 3/16	106 23/32	11.71	5.37
Treas 9pc 1994‡‡	104⅛	-1/16	105 21/32	103 13/16	8.64	5.43
12pc 1995	108 23/32	-1/16	111 13/16	108⅛	11.04	5.42
Exch 3pc Gas 90-95	96 11/16	—	97	94	3.10	4.89
10¼pc 1995	108 3/16	-1/32	109⅞	107 3/16	9.47	5.61
Treas 12¾pc 1995‡‡	114⅞	-1/16	116⅞	113⅝	11.15	5.70
14pc 1996	118	-1/16	120⅝	117¼	11.86	5.82
15¼pc 1996‡‡	122⅝	-1/16	125⅝	121 13/16	12.44	5.94
Exch 13¼pc 1996‡‡	117 15/16	-1/16	120 3/16	116½	11.23	5.93
Conversion 10pc 1996	111⅛	-1/32	111½	108⅞	9.00	6.09
Treas 13¼pc 1997‡‡	121	—	122⅝	118 13/16	10.95	6.25
Exch 10½pc 1997	113 3/16xd	—	113⅝	110 3/16	9.28	6.22
Treas 8¾pc 1997‡‡	108 13/16xd	+1/16	109	105½	8.05	6.24
Exch 15pc 1997	130⅞	+1/32	132 13/32	127 13/16	11.51	6.51
9¾pc 1998	112⅝	+1/32	112 13/16	108 1/16	8.66	6.39
Treas 7¼pc 1998‡‡	103 13/32xd	+¼	103⅞	99 13/16	6.98	6.28
7¼pc 1998 B‡‡	56⅞	+3/32	58 13/16	54⅛	7.00	6.31
Treas 6¾pc 1995-98‡‡	101 3/16	—	101¼	97 13/16	6.68	6.05
14pc '98-1	128 11/16	+1/16	129½	125 1/16	10.88	6.79
Five to Fifteen Years						
Treas 15½pc '98‡‡	137 11/16xd	+1/2	138 1/2	133 3/8	11.25	6.62
Exch 12pc 1998	122 1/2	+1/2	123 1/2	118 7/8	9.78	6.70
Treas 9½pc 1999‡‡	113 1/8	+1/2	113 1/2	108 1/4	8.39	6.52
Exch 12¼pc 1999	125⅛xd	+⅝	125 1/4	120 1/4	9.79	6.77
Treas 10½pc 1999	118 1/8	+⅝	118 1/4	112 1/2	8.89	6.83
Conversion 10¼pc 1999	118 1/8	+1/2	118 1/2	112 1/4	8.68	6.65
9pc 2000‡‡	112½xd	+⅝	113	108	8.00	6.60
Treas 13pc 2000	132 1/4	+3/4	132 1/2	125½	9.80	6.94
10pc 2001	117 1/2	+3/4	118¼	109 1/2	8.48	6.89
7pc '01(£17¼P/Pd)‡‡	21 1/2	+1/2	21 1/2	17 3/4	6.91	6.78
9¾pc 2002	118 1/4	+3/4	118 1/2	108¼	8.24	6.98
8pc 2003‡‡	108⅛	+1/2	108 1/2	97 1/4	7.40	6.85

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
8pc 2003 A‡‡	108¼	+1/2	108 1/2	102⅞	7.40	6.86
10pc 2003	121 1/2xd	+1¼	121 1/4	109⅝	8.23	6.97
Treas 11½pc 2001-4	124 3/4xd	+⅝	125 1/2	116⅞	9.20	7.17
Funding 3½pc '99-4	80 1/2	+1/2	80 1/2	67 1/2	4.35	5.96
Conversion 9½pc 2004	118 1/2	+1⅛	118 1/2	105⅞	8.02	7.07
9½pc 2005	118⅛	+1¼	118¼	105⅞	8.00	7.10
Treas 12½pc 2003-5	136 1/2	+1¼	136 1/2	124 1/4	9.18	7.35
7¾pc 2006‡‡	105¼xd	+1¼	105 1/4	94 1/2	7.37	7.14
8pc 2002-6‡‡	106¼	+1	106 1/2	94¼	7.52	7.06
Treas 11¾pc 2003-7	129 1/2	+1 1/2	129 1/2	118 1/2	9.06	7.31
Treas 8½pc 2007‡‡	111¼	+1¼	112 1/4	97¼	7.64	7.19
8½pc 2007 C‡‡	27 1/2	+1 1/2	27 1/2	24⅞	7.66	7.22
13½pc '04-8	144¼xd	+1¼	144¼	131¼	9.33	7.35
Over Fifteen Years						
Treas 9pc 2008‡‡	116½	+1½	117	101¼	7.76	7.23
9pc 2008 D‡‡	72¼	+1¼	72¼	64 1/2	7.75	7.23
8pc 2009	107¼xd	+1½	107⅜	92¼	7.47	7.25
Conv 9pc Ln 2011‡‡	116 1/2	+1 1/2	117¼	100½	7.69	7.28
Treas 9pc 2012‡‡	117 1/2	+1⅝	117 1/2	100¼	7.67	7.28
Treas 5½pc 2008-12‡‡	85½xd	+1½	85 1/2	70¼	6.44	6.88
Treas 8pc 2013‡‡	107½xd	+1 1/2	107⅝	93 1/2	7.46	7.30
7¾pc 2012-15‡‡	105¼	+1¼	106	89⅝	7.35	7.23
Treas 8¼pc 2017‡‡	116½	+1⅝	116 1/2	97¼	7.54	7.30
Exch 12pc '13-'17	148 1/2	+1⅝	147⅞	125 1/2	8.17	7.47
Undated						
Consols 4pc	52⅞	+⅜	53 1/2	43⅝	7.57	-
War Loan 3½pc‡‡	47⅝	+1/2	47⅝	38⅝	7.35	-
Conv 3½pc '61 Aft	65⅝xd	-⅛	67⅝	60⅞	5.33	-
Treas 3pc '66 Aft	39⅝	+⅛	40⅜	33½	7.57	-
Consols 2½pc	34⅜	+¼	35¼	28⅝	7.27	-
Treas. 2½pc	33½xd	+⅝	34¼	27½	7.49	-

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield (1)	Yield (2)
Index-Linked (b)						
Treas. 2pc '94 (102.9)	134 1/2	-1/16	135	131⅝	-	0.12
2pc '96 (67.9)	199 1/2xd	+⅛	199 1/2	194 1/2	1.50	2.36
4⅝pc '98‡‡ (135.6)	110⅛	+⅛	110⅛	105 1/4	1.89	2.53
2½pc '01 (78.3)	168 1/4xd	+1/4	168⅞	159	2.85	3.02
2½pc '03 (78.8)	165 1/2	+⅜	165 1/2	155	2.79	3.10
4⅜pc '04‡‡ (135.6)	113	+1/2	113	105½	2.81	3.10
2pc '06 (69.5)	174 1/4	+1/2	174 1/4	159¼	2.86	3.09
2½pc '09 (78.8)	158 1/4	+⅜	158 1/4	144	3.03	3.23
2½pc '11 (74.6)	164 1/2	+1/2	164 1/2	148 1/2	3.07	3.25
2½pc '13 (89.2)	136¼	+⅝	136¼	122 1/2	3.10	3.27
2½pc '16 (81.6)	148¼	+⅝	148 1/2	130 1/2	3.13	3.29
2½pc '20 (83.0)	141 1/2	+⅝	141 1/2	124 1/2	3.18	3.32
2½pc '24‡‡ (97.7)	118⅝	+⅝	118⅝	102⅝	3.18	3.31
4⅛pc '30‡‡ (135.1)	118⅝	+⅝	118⅝	103¼	3.19	3.31

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1992: 139.2 and for July 1993: 140.7.

OTHER FIXED INTEREST

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	133 1/2	+1 1/2	133 1/2	115⅞	8.35	7.55
Asian Dev 10¼pc 2009	125 1/2	+1 1/2	125 1/2	108 1/2	8.17	7.45
B'ham 11½pc 2012	130	—	130	114	8.86	8.36
Ireland Cap 8½pc '10	118	—	120	95	7.20	-
9pc Cap 1996	113	—	116	97½	7.96	-
13pc '97-2	129	—	130	110	10.08	-
Hydro Quebec 15pc 2011	160 1/2	+1 1/2	160 1/2	139 1/2	9.33	8.36
Leeds 13½pc 2006	141¼	—	141¼	128	9.56	-
Liverpool 3½pc Irred	40	—	41½	34	8.75	-
LCC 3pc '20 Aft	35½	—	37½	30½	8.46	-
Manchester 11½pc 2007	127½	—	127½	114	9.02	8.20
Met. Wtr. 3pc 'B'	72½	—	72½	63¾	4.14	7.01
N'wide Anglia 3⅞pc 2021	137	—	137	117½	-	4.19
4⅛pc IL 2024	132¾	—	132¾	115½	-	4.12
Utd Mex States 16½pc 2008	147	—	147	132¼	11.22	-

Continued on next page

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs	17⅝xd	+⅞	20⅞	15⅝	14,750	2.6
Allegheny & W ♥	621p	-36	722p	399p	322.7	3.2
Amdahl	326p	—	691p	302½p	368.1	1.0
Amer Cyanamid	34⅞	—	38⅝	31¾	3,144	3.4
Amer Express	21⅞xd	-3/8	25⅞	14⅞	10,497	3.1
Amer T & T	40⅞xd	-½	43¼	33⅞	63,445	2.2
Ameritech	56⅞	—	58⅝	45	24,484	4.5
Anheuser-Busch	31	-¼	41¾	30⅞	8,578	2.9
BankAmerica	30⅞xd	-⅝	38⅞	27⅞	10,876	3.0
Bankers NY	62⅞xd	-1⅞	64⅜	42⅞	4,178	4.0
Bell Atlantic	40⅝	—	48⅝	32¼	17,648	4.4
BellSouth	37⅝	—	38⅞	32⅞	18,588	5.0
Bethlehem Steel ♥	9⅞xd	-⅞	13¾	8⅞	820.2	-
Bowater	1380pxd	—	1682p	1287p	500.1	2.9
CPC	29½xd	-½	34⅝	28	4,488	2.9
California Engy	1180p	—	1479p	1085p	210.3	-
Chase Manhattan	22⅞xd	—	24½	17⅞	3,580	3.6
Chrysler	28⅞xd	+⅞	32⅞	21¼	8,309	1.4
Citicorp	22⅞xd	-⅞	22⅞	13⅞	8,085	-
Colgate-Palm	34⅞xd	-⅞	45⅝	32	5,438	2.8
Cont'l Bank	1614p	—	1877p	1278p	1,631	2.5
Dana	35⅞xd	-⅞	37⅞	29⅞	1,647	3.0
Data General	610p	—	951p	527p	169.3	-
Decora Inds ♥	104p	—	146p	104p	-	-
Dun & Brad	41⅞	—	42⅞	37⅞	7,374	4.0
Eaton	31⅞	—	31⅞	25⅞	2,217	2.5
Echlin	18¾xd	-⅛	20½	15⅞	1,092	2.5
FPL	25¾xd	-⅛	27⅞	23¼	4,678	6.4
Ford Motor	34½xd	-⅞	38½	28⅞	16,840	1.8
Gen Elect	65⅞xd	-1⅞	67⅞	53⅞	55,779	2.6
General Host ♥	480p	-22	723p	456p	-	5.0
Gillette	35¾xd	-¾	42⅞	31⅞	7,773	1.6
Hasbro	20⅞	—	20⅞	20⅞	1,819	0.8
Honeywell	25¼xd	-⅞	28½	20⅞	3,451	2.4
Houston Inds	30⅞	—	33¾	29¼	3,998	6.5
Ingersoll-Rand	25xd	-⅞	25¾	19⅞	2,611	1.9
Lockheed	40¼	—	45⅞	35⅝	2,482	3.5
Lowe's	2643p	—	2748p	1573p	1,928	0.8
Malvy Technology	301p	—	330p	127p	-	-
Merrill Lynch	62⅝xd	-⅞	63½	37	6,435	1.5
Morgan (JP)	50xd	-⅛	50⅞	38¼	9,580	3.2
Morris (Philip)	31¼xd	-1⅞	52⅞	28	27,823	5.6
NYNEX	59⅝	—	64⅛	52¼	12,315	5.3
Pall	11¾	—	15	10⅞	1,363	1.8
Pennzoil	46xd	-½	48⅝	31⅞	1,874	4.4
Quaker Oats	44⅝xd	-1⅛	50⅞	39⅞	3,217	2.9
Quester	174p	-15	229p	161½p	18.3	-
Rockwell	24xd	-⅞	24⅞	18⅞	5,263	2.8
Rep NY	35¼xd	-⅞	37⅞	29¼	1,838	2.1
Sears, Roebuck	34½xd	-1¼	38⅞	18⅞	8,934	3.1
Sthwestern Bell h	28⅞	—	28⅝	23⅝	17,017	3.6
Sun Co	18⅞xd	-⅞	21⅛	14⅞	1,933	6.6
Tenneco	35⅞xd	-1⅞	36¼	25½	5,938	3.1
Texaco	43½xd	-⅞	44⅛	37⅞	11,158	5.0
Time Warner	25¼xd	-¼	27	18⅝	9,938	0.8
Unilab ♥	422p	-72	509p	358p	192.1	-
US West	30¼	—	31¾	24⅛	12,744	4.7
Varity	2560p	—	2579p	1686p	774.1	-
WMX Technologies	20xd	-½	27⅞	19⅛	8,779	2.0
Whirlpool	4551pxd	—	4577p	2824p	3,181	1.9
Woolworth ♥	16½	-⅛	21½	16⅞	2,167	4.7

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

Ennex Intl IE	6¾	—	6¾	3¾	5.67	–
Europa Mins	38	—	42	15	18.3	–
Glencar Expl IE	11	—	12	6	2.03	–
Greenwich Res	15½	—	22¼	5	12.1	–
Hemlo Gold C$	£7¼	—	£8½	£3½	701.6	1.3
Ivernia West IE	42	—	57	31	21.1	–
Kells Mins IE	13	—	13	6	0.31	–
Kenmare	9¼	—	13½	6	9.26	–
Mallinga Res	8½	–1	25½	7½	0.94	–
Navan Res IE	94⅞	–7	102	25	16.1	–
5pc Ln Notes	94⅞	–½	95¼	25	17.1	–
Oryx Gold	76⅛	—	78⅞	47	–	–
Ovoca Res IE	8	—	8	3½	0.56	–
RTZ	734	–10	735	607	7,801	3.5

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Tax-free to non-residents on application
- Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- Free annual/interim report available, see details below
- USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

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FINANCIAL TIMES
Weekend August 28/August 29 1993

State prosecutors confident despite advance leak of raid to media

Investigators defend VW swoop

By Christopher Parkes in Frankfurt

INVESTIGATORS who raided Volkswagen, the German carmaker, on Thursday in search of allegedly stolen data, yesterday appeared confident they had found material of help to them.

"The object of the search was at no time endangered," even though the suspects might have known details of the swoop said Mr Georg Nauth, spokesman for the Darmstadt state prosecutors' office. There was no reason to call off the raid, he said.

Investigators, backed up by 40 police, went in looking for papers and computer-stored data in connection with their investigations into allegations that material was stolen from VW's rival, Adam Opel, the German subsidiary of General Motors, by former employees of the US group who defected to VW in March.

According to Mr Nauth, the search was completed yesterday morning after officials had confiscated large volumes of documents and computer diskettes along with around 30 stand-alone personal and laptop computers: "In the light of their complexity, evaluation of these materials will demand a lot of time."

Mr Nauth seemed unruffled by charges that information on the raid had been leaked. Three TV camera crews were waiting outside the VW main plant in Wolfsburg when the police arrived on Thursday morning.

The usual Volkswagen press relations team, meanwhile, had been reinforced by employees from other divisions and subsidiaries. One spokesman said yesterday tips about the raid could be seen in the media: another was "astonished" to see the camera crews at the factory gates.

Mr José Ignacio López de Arriortúa, the group production director at the centre of the criminal investigation, carried on working unperturbed when investigators barged into his office. His house and those of three of his associates were being searched at the same time.

"The Darmstadt public prosecutors' office seems to have as many holes as a Swiss Cheese," said Mr Uwe-Karsten Heye, spokesman for the government of Lower Saxony, VW's home state.

However, the Lower Saxony government itself had been informed in advance of the action, led by officials from Hesse, who requested assistance from local police forces.

In a bizarre twist, two men from the Frankfurt red-light district also appeared to have known about the impending raid. They were arrested on Tuesday night after telephoning VW with an offer to sell the company information for DM500,000. The company informed the police of "attempted extortion" without discovering details of the information, a spokesman said.

According to press reports, the two men had learnt about the raid from police officers they met at a Hesse shooting club.

Mr Hans Wilhelm Gäb, vice-president of GM Europe and a member of the Opel supervisory board, said the affair was a matter of "questionnable behaviour" by individuals. "In general our respect from VW and its employees is unchanged."

People's car overload, Page 6

German inflation to fall 'markedly' says Bundesbank

By David Waller in Frankfurt

INFLATION in Germany is set to fall "markedly", the Bundesbank's chief economist said yesterday, in a surprisingly upbeat assessment of the outlook for German prices. However, he dismissed arguments for an early cut in interest rates.

At the same time Mr Otmar Issing, member of the policy-making directorate at the German central bank, cautioned that inflation would fall slowly and would be influenced by factors beyond the Bundesbank's control, such as tax increases.

Mr Issing also argued for maintaining the wider ERM fluctuation bands, noting that although currencies were stable at present scope for change may be needed in future.

He said on German television prices were moving in the "right direction", adding that the fall in the annual inflation rate from 4.3 per cent in July to 4.2 per cent in August concealed a much sharper month-on-month decline in the rate of price increases.

Mr Issing also said monetary policy was taking its cue from the German recession – a comment is in sharp contrast to the Bundesbank's usual insistence that combating inflation has to take priority over "counter-cyclical" attempts to stimulate the ailing economy via cuts in the cost of money.

His remarks came the day after the Bundesbank council decided – contrary to market expectations – to leave interest rates unchanged. Mr Issing said the question remained open as to when the central bank could cut rates further.

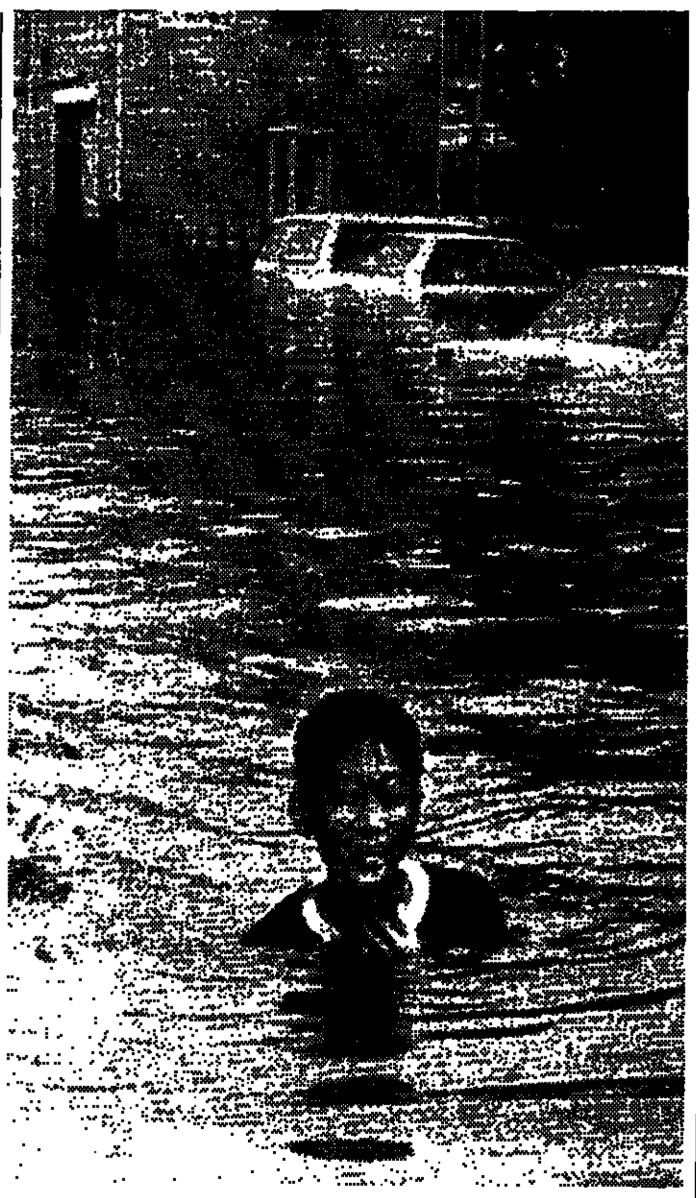
On the markets, however, the effects of the tight monetary policy were felt by most European currencies yesterday, as they drifted down against the D-Mark.

The French franc fell below the FFr3.51 level against the D-Mark, but later strengthened to close at FFr3.499 from a previous FFr3.02. The Danish krone and Belgian franc came under pressure and ended at their lowest for the day.

Mr Issing sought yesterday to play down the importance of growth in money supply in July. M3 grew at annualised, seasonally adjusted rate of 7.5 per cent, the third month in a row in which the 4.5 to 6.5 per cent target range was missed. The main cause was growth in bank lending which Mr Issing dismissed as an "inexplicable spike".

In a separate interview with the AP Dow Jones news agency, Mr Issing said the increase in money supply had made it impossible to cut rates on Thursday, leaving the discount and Lombard rates at 6.75 and 7.75 per cent respectively.

Germans back-track, Page 2
Currencies, Page 11
World stocks, Page 19
See Lex



Some residents were urged to evacuate their homes in Chiba, east of Tokyo, yesterday, as rivers swelled in the wake of Typhoon Vernon. Road, rail and air links with the Japanese capital were cut Reuter

Japan's big spenders face easy cash crackdown

Continued from Page 1

because of the continuing downturn in the economy, particularly in regional areas.

Regional banks are linked to a 90,000-machine automated teller system, which has a day-after settlement policy exposing all banks to a run on a weaker bank. One Japanese bank said: "We want people to have enough cash, but we also trying to improve our risk management."

The Ministry of Finance says no bank will fail. However, without intervention by the ministry and the Bank of Japan, three small institutions would have collapsed in the past year. The new limits indicate that even Japanese banks are conceding that the country's banking system is vulnerable to failure.

FT WORLD WEATHER

Europe today

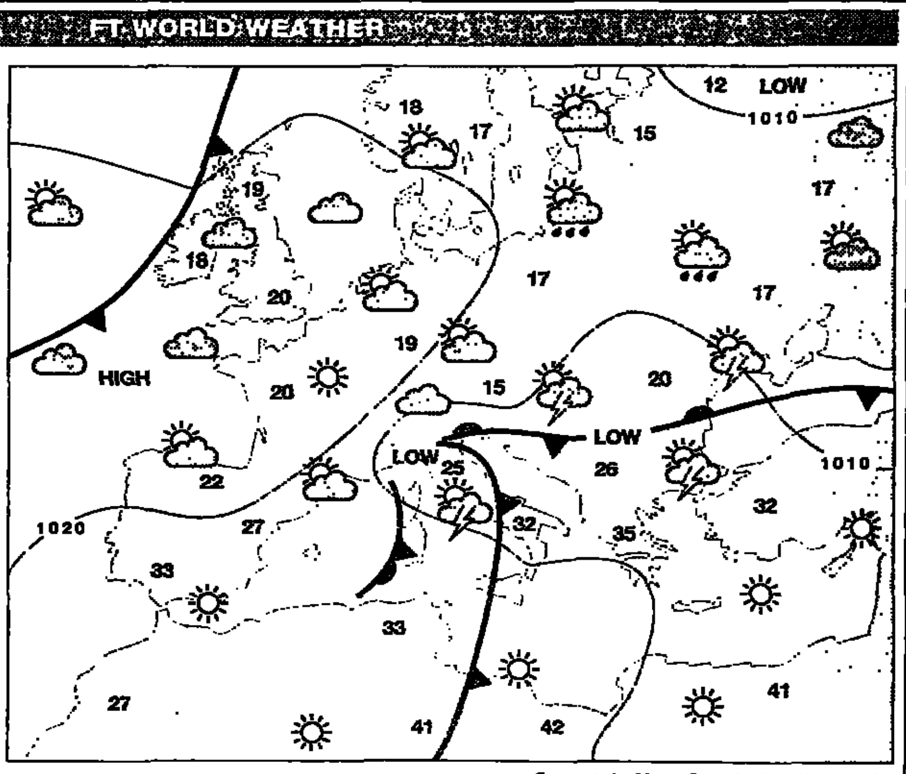
Cloud and rain from the west will reach western regions of the UK. However, high pressure over the Atlantic will keep most of western Europe dry with some sunny periods. Temperatures will be moderate across most of the region.

A zone from southern Germany to Poland will have isolated showers, and unstable conditions with rain and frequent thundery showers will continue on the southern side of the Alps and in the Balkans. The greatest concentration of thundery showers is expected in central and northern Italy, the former Yugoslavia and Romania. In the Alps, it will be cloudy with rainy periods and cool temperatures.

Clouds will thicken over Greece and are likely to bring thundery showers. Temperatures exceeding 35C will occur despite the clouds.

Five-day forecast

It will become cooler in south-eastern Europe. Unsettled conditions are expected over southern Scandinavia, and later around the Baltic Sea due to low pressure from the west. Meanwhile, the UK, France and possibly the Benelux countries will be dry as high pressure builds over the region.



TODAY'S TEMPERATURES

Forecasts by Meteo Consult of the Netherlands

	Maximum Celsius	
Abu Dhabi	sun	42
Accra	thund	29
Algiers	fair	29
Amsterdam	fair	18
Athens	fair	38
B. Aires	fair	20
B.ham	fair	20
Bangkok	fair	34
Barcelona	sun	26
Beijing	fair	29
Belfast	rain	18
Belgrade	thund	26
Berlin	shower	17
Bermuda	fair	31
Bogota	fair	19
Bombay	cloudy	32
Brussels	fair	18
Budapest	rain	15
C.hagen	fair	17
Cairo	sun	41
Cape Town	sun	19
Caracas	fair	29
Cardiff	fair	19
Chicago	sun	29
Cologne	fair	17
D' Salaam	cloudy	28
Dakar	fair	31
Dallas	fair	35
Delhi	fair	37
Dubai	sun	42
Dublin	cloudy	18
Dubrovnik	thund	28
Edinburgh	cloudy	18
Faro	sun	27
Frankfurt	fair	20
Geneva	cloudy	16
Gibraltar	sun	27
Glasgow	rain	17
Hamburg	fair	18
Helsinki	shower	16
Hong Kong	fair	31
Honolulu	fair	31
Istanbul	sun	31
Jersey	fair	19
Karachi	fair	32
Kuwait	sun	44
L. Angeles	sun	24
Las Palmas	fair	26
Lima	fair	20
Lisbon	sun	27
London	fair	21
Lux.bourg	fair	19
Lyon	shower	17
Madeira	sun	25
Madrid	sun	27
Majorca	shower	28
Malta	fair	34
Manchester	fair	19
Manila	fair	31
Melbourne	drzzl	16
Mexico City	shower	22
Miami	thund	32
Milan	rain	24
Montreal	rain	26
Moscow	shower	13
Munich	shower	13
Nairobi	fair	22
Naples	fair	27
Nassau	fair	30
New York	sun	36
Nice	shower	25
Nicosia	sun	36
Oslo	fair	13
Paris	fair	20
Perth	cloudy	18
Prague	shower	15
Rangoon	shower	28
Reykjavik	rain	11
Rio	fair	30
Riyadh	sun	42
Rome	thund	26
S. Frsco	sun	23
Seoul	fair	27
Singapore	thund	25
Stockholm	fair	17
Strasbourg	fair	19
Sydney	fair	17
Tangier	fair	27
Tel Aviv	sun	37
Tokyo	thund	27
Toronto	shower	28
Tunis	fair	32
Vancouver	fair	20
Venice	rain	24
Vienna	rain	14
Warsaw	shower	18
Washington	sun	33
Wellington	shower	12
Winnipeg	fair	24
Zurich	cloudy	18

THE LEX COLUMN

Reach for the sky

It is is a measure of how much the world has changed that the Bundesbank's decision not to cut interest rates this week barely disturbed the upward march of equities. With the ERM in tatters it is taken for granted that other European countries will cut rates even if Germany does not. To the extent that the Bundesbank's stoicism soothes nerves about inflation at home and keeps German bond yields low, gilts also stand to benefit. While that sounds like the logic of a market able only to look on the bright side, it is no coincidence that yesterday's rise of the FT-SE 100 index through 3,100 was underpinned by another strong gain in gilts.

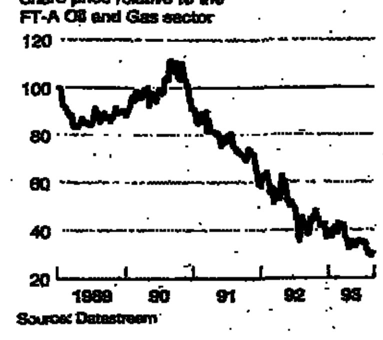
A closer look at equities reveals an increasingly desperate search for value. Sectors that led the market higher during August are those that have hitherto been shunned: food manufacturers, food retailers, and pharmaceutical companies. Investors' thirst for yield against a background of low inflation and low interest rates is the driving force. Having underperformed the market by almost 20 per cent since sterling left the ERM last September, for example, the food retailing sector now yields close to the market average.

Should that buying continue the index may have further to run. Regaining the market value lost by Glaxo, Wellcome and SmithKline Beecham alone would add another 100 points to the Footsie. While there are good reasons for remaining cautious about drugs stocks in particular, the combination of a low price/earnings ratio and a decent yield is proving a powerful attraction. With no sign of resurgent inflation – and growing confidence that the hoped-for recovery in corporate earnings will indeed appear – it is likely to remain so.

FT-SE Index: 3100.6 (+21.4)

Lasmo

Share price relative to the FT-A Oil and Gas sector



Source: Datastream

TSB/EuroDollar

If Forte's sale of Gardner Merchant last December was a sign that the management buy-out was not dead, TSB's disposal of its EuroDollar car rental business shows that buy-outs continue to enjoy a quiet recovery. That is not surprising for this stage of the cycle. Managers who purchase a business now are buying into the recovery. Low interest rates make it easier to satisfy the rigorous cash-flow requirements imposed by banks. Lenders themselves are selective, but more are finding the high margins on buy-outs attractive given the squeeze on their net interest income.

The EuroDollar deal had some special attractions. Since car rental is way outside TSB's banking and insurance focus, the bank was not particularly minded to quibble about the price. Assuming the new owners can sort out the foreign subsidiaries, they will be left with a lucrative business bought at only a small premium over its value in TSB's books. With leasing finance available for the rental fleet, the buy-out syndicate did not need to borrow on its own account.

Yet more conventional deals also now enjoy a good chance. The main constraint is size, since lenders are reluctant to see gearing rise much above 50 per cent. Large, highly-geared deals like Isosceles and Magnet thus remain out of the question. Banks will need time – and probably a hefty dose of inflation as well – to forget the pain they caused.

UK insurance

Guardian Royal Exchange is the last of the UK composite insurers to take a tentative step towards direct selling. But it has taken the startling success of Direct Line, owned by Royal Bank of Scotland, to stir the industry giants into action. Royal Insurance was first into the fray, but was careful to disguise the parentage of The Insurance Service for fear of backlash among insurance brokers. It is a sign of the now resigned attitude among brokers that Royal Northern, its second direct insurance venture, carries the parent company name.

GRE should thus feel bold enough to use its own identity. While that might be useful, big insurers do not have much of a reputation for consumer marketing. Besides, it will take more than clever branding to catch Direct Line. Its competitive edge turns on an expense ratio well below that of the established competition and faster, more detailed analysis of risk. That will be matched only if the composites allow their direct subsidiaries freedom over pricing. Direct selling will never be more than an additional channel of distribution if prices are based on parent company expenses and claims experience. The reluctance of established insurers has also allowed Direct Line to build critical mass. That in itself is an advantage. Keeping telephonists and computer systems busy writing new business, rather than making uncompetitive quotes, contributes low expenses. Smaller rivals are some way from achieving such economies of scale.

Lasmo

Despite the rumours surrounding Lasmo in recent weeks, a bid from British Gas looks unlikely. The theory is that since the MMC wants to clip British Gas's wings in the UK, it may spend more on its exploration and production arm. Yet while the company seems keen to expand, the risks and returns look better in its Global Gas business. Management contracts to run gas networks and the construction of power stations in collaboration with others is closer to British Gas's core expertise. Besides, the company's exploration and production interests are primarily in gas: bidding for an oil company like Lasmo would be distinctly out of character.

Speculation that Mr John Walmsley might be tempted to join Lasmo after his resignation as finance director of Enterprise Oil looks equally misplaced. The current chief executive, Mr Joe Darby, was only appointed in March. There can hardly be room for Mr Walmsley to become an executive chairman above him. It is even more improbable that Mr Walmsley would be happy to have left Enterprise to become second in command at Lasmo.

More persuasive is the idea that US investors, valuing Lasmo on the basis of cash flow, regard the stock as cheap compared to its US counterparts. That ignores the fact that the cash is more than needed to finance the replacement of reserves. Lasmo is unlikely to have any substantial free cash flow until 1996. Since the dividend may yet be cut further, UK fund managers may be content to allow their US competitors to acquire the stock.

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Weekend FT

SECTION II

Weekend August 28/August 29 1993

In the footprints of the Holocaust

Maurice Samuelson knew his grandfather came from the Polish village of Bolimow – but little else about it. When he visited it, he learned a lot more . . .

ON SEEING the road sign, I got out of the car and posed with my wife for a photograph. We had finally reached Bolimow, the village in Poland from which my grandfather, Morris Jenkins, had come to England 100 years ago.

He established a tailoring business in Manchester and fathered 10 children before dying, aged 46, in 1919. My mother, his second youngest child, was then eight years old. Although she remembered him only faintly, she never forgot the name of his birthplace. She once said she thought it was near Warsaw. But that was all she knew. In any case, Bolimow was always mentioned in the past tense, as though it was not of this world.

We never thought of seeking it on a map. Nor did we ever think about how many generations of our family might have existed in that part of Poland, wherever it might be.

Still less was it ever whispered that, until the second world war, we had numerous close relatives in Bolimow. It was to be nearly 50 years before I discovered that seven first cousins of my mother, all married with children of my own generation, were among the victims of the Nazis. They were the children of my great-aunt, Riva-Leah, and her husband, Mordechai Mann. Riva-Leah had died in 1929. Her elderly husband perished in the Holocaust.

As far as I was concerned, these people might never have existed. While stunned by the German atrocities, my family had always assumed that, as English-born Jews, we were immune to its horrors. We recoiled from the first photographs of concentration camp victims and were uneasy whenever we encountered the jittery, wide-eyed survivors who appeared in England after the war.

To reach Bolimow, we had driven about 60 kilometres south-west of Warsaw, across the farmland of the Mazovian plain, once a dense centre of Jewish population. At Sochaczew, once 75 per cent Jewish, we had photographed an impressive new Jewish memorial in a bare field which had been the community's cemetery. (The Roman Catholic cemetery lay next door, full of well-tended memorials).

We had also visited the bigger Jewish cemetery in Lowicz, last resting place of great aunt Riva-Leah and her mother. The cemetery's imposing brick wall still screens it from the road and about a quarter of its headstones still stand. But its other walls have vanished, together with the rest of its stones.

Driving the last kilometre into Bolimow, I realised that our ignorance of our origins was not as remarkable as it seemed. Our family was typical of those founded by poor Polish immigrants to Manchester at the end of the last century. Remembering my Jewish schoolfriends' families from the second world war, I wondered how many of them also had close relatives who were forgotten even before they were herded into the gas chambers . . .

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A grassy square, little bigger than a soccer pitch, appeared suddenly on the right. I drove round it and parked on the cobbles near a small bus shelter. With the help of Peter, the young Polish interpreter whom we had engaged in Warsaw, I wanted to question the locals about Bolimow and its Jewish ghosts.

I was not entirely ignorant about the place. Situated on the Rawka, a narrow tributary of the river Bzura, Bolimow has a dubious footnote in history – the first place where poison gas was tried out on the battlefield. The Germans used it in the winter of 1915 against the Russian front line on the other bank of the Rawka. (Because of the icy cold, the gas did not disperse; it was soon used to deadlier effect on the western front). There had also been a large forest in this region, which was the haunt of the now extinct wild ox.

I had learned about my Bolimow connections from Freda Etzioni, an Israeli cousin who was born in Bolimow and went to Palestine in 1934. She had trained in Poland as a nurse. Her first Israeli home was a kibbutz near the Sea of Galilee. When the second world war started, she moved to Jerusalem, where she eventually became the head nurse at the Hadassah hospital.

From her and from Moshe Mann, another Bolimow cousin who settled in Palestine in 1932, I learnt that when the Germans marched in, there were about 50 Jewish families in the village – between 10 and 20 per cent of its population. Freda had drawn me a rough map of the centre of Bolimow, indicating the houses in the centre inhabited by our various relations. At first sight it seemed accurate, although the village green was not oval but rectangular (I later learnt that the lay-out was altered after the war).

In the middle stood the well and hand pump, just as she had drawn them. But she had forgotten totally the white-towered church, only 200 metres away. All around stood single and two-storey dwellings, painted pink, brown or grey with tar-covered roofs.

There were no traces of *mezzuzot*, the slim prayer cases affixed to the door-posts of most Jewish homes. But I knew that several of them had been my relatives' homes until the Nazis arrived at their doors. The only modern buildings were the two-storey, white-washed PKO bank and a shabby bar-cum-restaurant.

Half a century after the war, I had scant hope of finding anyone who remembered my relatives or who could identify their houses, so I was not surprised by the blank expressions of the first elderly people we approached. We had a more promising reaction, though, from the young girl in the bar. "Try Stefan Konopczynski, the potter," she said. "He knows all about the history of Bolimow."

I had already seen this name in the Polish guide-book I had brought from London. It contained three paragraphs about Bolimow, mentioning the two Romanesque churches and the Konopczynski pottery. The book was 30 years old and neither the churches nor the pottery were on my sight-seeing list. But the presence of such a significant old-timer was a good omen.

At midday we arrived at the Konopczynski home, a solid brick house where a little girl was playing on the lawn. It was the potter's grand-daughter. Her mother came to the door and asked us to come back at 2.30. Stefan, now nearly 90, was having his daily rest. In the meantime, she told us how to find the Jewish graveyard and the residence of the parish priest.

A soft August rain was falling but we decided to walk to the cemetery rather than drive. Passing a stone mason's yard, full of unfinished tombstones, we turned down a tree-lined path through a field and saw the walls of Bolimow's Catholic cemetery.

Where was the Jewish cemetery? "That's it," Peter said, pointing to the flat, open field beyond the Catholic graveyard. As the sun came out, I approached the grassy field with sinking feelings.

Where were my own forebears' graves? I wondered. Where were their headstones? Could they have been taken to the mason's yard and recycled for other people's memorials?

The field was surrounded by a ditch and embankment. There was room in it for at least 100 graves. Stumbling over the rough ground, we found only seven fallen headstones, their weathered Hebrew letters peeping through the long grass and wild flowers. While my wife gathered flowers and grass as keepsakes, I photographed the scene.

Then we returned in silence and walked through the village to the priest's house, opposite Bolimow's second church, by the river where cousin Freda had played as a child. It was now full of pollution.

Father Ryszard Smoldar, a chubby, well-scrubbed man in his early 40s, received us warmly. Over coffee and chocolate-coated cinnamon cakes served by his housekeeper, he gave a strange explanation for the Jewish cemetery's desolate condition. "The stones are all still there. But they have fallen down and are lying under the grass," he said.

He added that, following the opening of diplomatic relations between post-communist Poland and Israel, the village council was planning some kind of memorial to the Jews. The idea had been proposed by the *Voivod*, the larger administrative area in which Bolimow was situated. But as he had served at Bolimow for little more than a year, he was not briefed fully on the latest situation. Stefan Konopczynski was better informed, he said.

Bidding us goodbye, Smoldar told us that the solid cream-and-brown police station we had passed in the centre of the village had been the synagogue before the war.

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Alert and refreshed, Stefan Konopczynski was waiting for us. He looked 20 years younger than his real age. With his black beret and trim white moustache, he seemed more like a Breton farmer than a Polish potter.

We followed him to his pottery, a long shed in its own grounds where his son, Jan, a man in his early 40s, was working the wet clay. In a separate room stood shelves of white earthenware jugs decorated with simple but attractive patterns of doves and flowers.

The pottery was well known in the district and Stefan showed us the signature of Professor Tadeusz Mazowiecki, the former Solidarity prime minister, in the visitors' book. But I was less excited by the pottery than what father and son were able to tell me about Bolimow.

They were a remarkable repository of village history. While Stefan had devoted his life to collecting documents about it, Jan had written a doctoral thesis about its sociological development.

As his potter's wheel whirred, Jan confirmed that the police station had been the synagogue before the war. But he discounted Smoldar's claim about the sunken Jewish gravestones. "They were removed or stolen during or immediately after the war," he said.

He had sent the inscriptions on the seven surviving stones to be translated by the Jewish historical institute in Warsaw. It was his father, he said, who had persuaded the villagers not to grow crops on the Jewish cemetery or to graze their animals on it.

Back in their living room, father and son

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The Long View / **Barry Riley**

From boom to doom

PENDING Barry Riley's return from holiday next week he has arranged for a number of distinguished guest experts to contribute, in brief, their current views on the booming stock markets.

Stanley G. Sachs

At last the stock market has ceased to focus on trailing price/earnings ratios which are depressed by bottom-of-cycle provisioning, especially by outdated dinosaur companies like IBM, and instead investors are beginning to anticipate the coming earnings boom. This will arise from the benign influences of low inflation, resumed economic growth and low interest rates.

Meanwhile our composite value indicators and our bond-equity yield ratio measures show no strain. Many equity market analysts have made the error of comparing current conditions with the 1970s or the 1980s. In fact there are much better precedents from the 1960s, when inflation and interest rates were low, growth was steady, and equity values were very high. We see the Dow Jones Average at 5,000 and the London Footsie at 4,000 within 18 months.

Dr Mort Duhm

No less than 22 of my 23 regular indicators of value are now approaching critical levels in most markets, to an even greater extent than in 1987. For instance, the price/earnings ratio is in excess of 25 on Wall Street, and only marginally lower in London. Dividend yields are historically unattractive, and moreover dividend cover is exceptionally weak. Corporate earnings prospects are not nearly good enough to justify the current stratospheric valuations.

The boom in stock prices, and the sustainability of low dividend yields, has depended critically upon the fall in global bond yields, which in turn has relied heavily upon the willingness of the US Federal Reserve to pump vast quantities of cheap credit into the US banking system. Within the next few months I anticipate a meltdown in which the Fed will turn down the tap, hot money will panic out of bonds and stock prices will become value-based and not liquidity-driven. Hold on to your crash helmets.

Hector Dow-Elliott

European markets are still within their reverse triangle pattern and are re-entering the longer-term trend channel from which they will break out upwards so long as the neckline of the head-and-shoulders formation is not penetrated by the 120-day moving average before the end of September, on the basis of the FTA Europe ex UK Index.

When the DAX breaks 2,000 with strength the next upward leg will be confirmed but hesitation at 1,950 would indicate a switch into the CAC subject to the satisfactory completion of a consolidation pattern and the abortion of the threatened upside-gap two crows on the Japanese candlestick charts. However, if the Finnish HEX outlines a double top at 1,500 and thus reaches its theoretical Fibonacci target all bets will be off.

Morgan Schroderburg

Too many investors have underestimated the secular fall in inflation and the extent of the loosening of monetary policy, certainly in the US and Japan, if not yet in Europe. I believe the uptrend in equity markets has some way to go, but disappointing economic growth next year may lead to a setback.

For companies, I would point out that the next six months may represent a rare window for raising new capital or floating off poorly-performing subsidiaries (which we prefer to describe as "non-core") at unusually attractive prices. As for investors, my advice would be to to remain fully invested but to avoid new flotations or companies that raise new capital.

Rhys Mogg-Williams

Consensus economists have been thrown completely off balance by the sluggishness of the global economy and the (to them) mysterious collapse of inflation. As far as the stock market is concerned, investors have been unable to adapt to the fall in long-term interest rates which they ignorantly assume must result in higher equity valuations.

However, the current conjunction of the downswings in the Kondratieff and Juglar cycles is plainly creating industrial havoc in the Western world. In the context of chronic excess capacity, many production industries are being devastated by Third World competition and even the protection of domestic brand names is becoming almost worthless, as we have seen with Philip Morris and Procter & Gamble.

Technological progress will begin to create splendid new opportunities later in the 1990s as the next Kondratieff upswing develops, but meanwhile investors will be sadly disappointed.

Murray Henderson

In our view the latest upward breaks in most markets should not distract attention from the scope for sector rotation. Although the general switch from blue chips into small company stocks recommended at the beginning of the year may have matured, our special situations fund is still performing very well. As for recovery stocks, in fact there is now an opportunity to profit from the cheapness of pharmaceuticals shares through our Health and General fund.

For those who are worried about poorer values in the leading markets – concerns not shared, incidentally, by our top fund managers – we have a number of attractive suggestions, including our Managed Futures Fund, our Emerging Markets Trust, on which there is a 2 per cent discount for the rest of this month, and our brand new China Millennium Fund.

George Palindrome

Normally I refrain from making stock market forecasts in public because I might be accused of undermining the capitalist system through speculation. Also, my 1987 prediction of a Tokyo market collapse proved embarrassing.

Now that there are no more soft exchange rate targets to aim at, however, I consider I am justified in taking stock market positions again. I am extremely bullish of the US, Japanese and European markets, and I shall continue to hold this view in public until the day after I have sold out.

London

Why records continue to be broken

By Maggie Urry

RECORD stock *market highs* have become such regular events that they hardly merit being called news any more. The Footsie reached an all-time peak on Wednesday, held it on Thursday and rose again yesterday, making it through 3,100 and just staying above that.

So, what has driven the market to these levels? The combination of largely favourable economic statistics and corporate news has, no doubt, helped but two other factors are worth examining.

First, there is the question of the Bundesbank and the rate cut that never came. On Wednesday, the day before the regular fortnightly Bundesbank council meeting when decisions on interest rates are made, speculation grew that a reduction was coming. On Wednesday, too, the Footsie rose 29.9 points. It was all too easy to link the two.

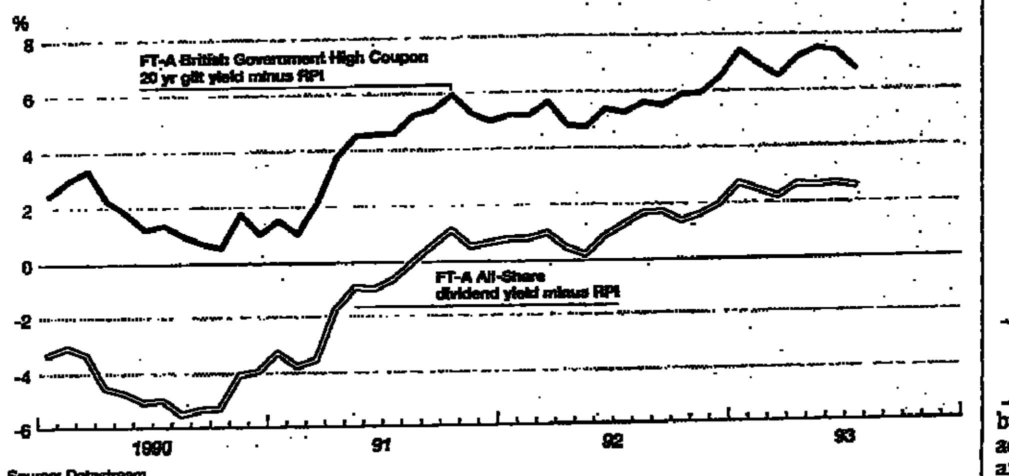
As it turned out, the Bundesbank did not cut rates on Thursday. The Footsie trembled *but closed unchanged*, suggesting that it was not the prospect of an immediate German rate cut that caused Wednesday's rise. Indeed, the German stock market also rose sharply on Wednesday although it fell on Thursday.

Rather than focus on Europe – after all, German interest rates *will* fall sooner or later so it is hardly worth getting too worked up about timing – consider the US bond market. This has been strong lately, with the yield on the long bond dropping to near 6 per cent.

Michael Hughes, an economist at BZW, thinks real yields on bonds are coming down world-wide. A look at the chart shows that, in the UK, real long gilt yields – those adjusted for inflation – have risen over the past couple of years. Inflation has gone down faster than yields.

Although falling somewhat recently, real yields are still high. This suggests one of two things. Either bond yields are set to fall further – in which case, equities can continue their rise – or inflation is going up again.

Real yields on long-dated gilts and shares



Source: Datastream

The present view is that an era of low inflation combined with economic growth – the dream of every finance minister – is dawning. And it might even be true, for a couple of years at least. If so, a Footsie at 3,100.6 is by no means overvalued.

It is also worth looking at the performance of individual Footsie stocks this year. Although the index is up from 2846.5 so far, a rise of 8.9 per cent, the share prices of around a fifth of the top 100 stocks actually are lower than they were at the start of the year.

These are mainly drug stocks such as Glaxo, Wellcome and SmithKline Beecham which have been hit by fears of cuts in health spending; food retailers, including Tesco, J. Sainsbury and Argyll, affected by theories that competition in the sector is becoming too intense; and consumer stocks like Bass, Allied-Lyons, Grand Metropolitan and Guinness, affected by fears that the revival in consumer spending is sluggish.

If the market were in an over-optimistic phase, then such stocks would not have been left so far behind.

Turning to economic news, there have been few statistics this week. But what has come from the Treasury and the CBI has been encouraging. The Treasury said on Thursday that the economic recovery this year was looking stronger than had been forecast in the March Budget. At the same time, the CBI raised its forecasts of economic growth this year and next, with a prediction of a 3 per cent rise in GDP in 1994.

Meanwhile, the official statisticians admitted the recession really was not as bad as they had thought – little comfort to those who have suffered in it.

An encouraging trend in corporate stories is the number of deals being done as companies buy or sell subsidiaries. Buyers – notably MB-Caradon, with its £800m purchase this week of the bulk of RTZ's industrial activities but also Wolseley, with a £51.5m US purchase – are looking to expand into the economic upturn.

Sellers, like RTZ and TSB, which sold its EuroDollar car hire subsidiary to its management for £118m yesterday, are at last able to get rid of businesses they no longer want, and at reasonable prices. With all these deals going on, and rights issues and flotations continuing apace, it is no wonder the merchant bank sector has been one of the strongest performers so far this year.

Another excitement this week – which can be taken as a bull point for the market, too – was Reuters move in offering to buy back £350m worth of shares from investors to use up some of its low-yielding cash. Such was the demand to sell that Reuters had offers of 164.3m shares, 6.5 times the 25m it wanted to buy even though it was paying £14 apiece and the market price was more than £1 higher.

The reason was that those institutional investors which run tax-exempt funds, such as pension funds, could reclaim a tax credit from the Inland Revenue on top of the £14 from Reuters. In theory, then, institutions have £350m plus the tax rebate to put back into the stock market – more than offsetting MB-Caradon's £334m rights issue.

Trading results remain patchy although expectations are that forecasts for full-year earnings growth from the market as a whole will be revised upwards once the interim reporting season gets going properly next month.

This week saw BZW upgrading its profit forecast for Imperial Chemical Industries, not such a big business since it demerged Zeneca but still an important market leader. ICI told BZW that July had been a good month.

Another pointer came from Graseby, the electronics group, which said this week it would cut its 1993 dividend from 10.7p to 6.6p, after reporting interim profits up 18 per cent, because it wanted to retain cash for investment.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	3100.6	+43.0	3100.6	2737.6	Economic optimism
FT-SE Mid 250 Index	3513.3	+30.9	3513.3	2876.3	Focus on blue chip stocks
BP	320	+21½	326	225	US buying/stock shortage
Calor	277	+28	277	223	Hoare Govett "buy" recommendation
Enterprise Oil	480	+49	521	397	Kleinwort Benson/Warburg positive
Hardy Oil & Gas	174	+26	175	104½	Broker visits/"buy" recommendations
LASMO	153½	+17	195	130	Heavy activity/takeover speculation
Lloyds Bank	559	+31	591	492	Strong banks sector
Logica	255	+12	269	164	Bid speculation
MB-Caradon	340	+26	344	265	Confirmation of Pillar acquisition
Rentokil	217	+13	238	178	Bumper profits
Royal Insurance	319	-15	347	248	Concerns over US pollution claims
Spring Ram	76	+13½	145	44	Takeover speculation
Standard Chartered	934	-27	994	576	Profit-taking/Singapore litigation
Tarmac	157	+10	157½	103	Goldman Sachs "buy"/rights issue exp

Serious Money

A fine time to land in a fix

By Philip Coggan, personal finance editor

FIXED-RATE mortgages are now extremely attractive for potential house buyers, according to financial adviser *Berry Birch & Noble* – and it is hard to disagree.

Even though most experts seem to expect a base rate reduction before, or around the time of, the chancellor's Budget in November, the variable mortgage rate is unlikely to reflect that cut in full. A one percentage point cut in base rates might lead to a reduction of only a half, or a quarter, point for mortgages.

As Mike Beerling, Berry Birch & Noble's mortgage director, explains: "Mortgage interest rates cannot fall much more. Any further drop in UK interest rates will give building societies very little scope to reduce mortgage interest rates as the societies need to maintain competitive rates to attract savers."

Borrowers appear to be listening to such advice. According to the Council of Mortgage Lenders, just under half of the mortgages and re-mortgages taken out in the first quarter of 1993 had a fixed rate of interest.

Since an increase in interest rates seems a threat more in the medium than the short term, it is probably better to lock in to a mortgage with a longer period, even though the rates normally are higher. Halifax's present range of fixed rates, for example, varies from 6.75 per cent (APR 8.3 per cent) until November 30 1995, to 8.75 per cent (APR 9.1 per cent) until November 30 2003.

The Halifax is also offering a series of "stepped" mortgages, with a low rate until November 30 1994 and then a higher rate over the rest of the term.

For existing customers, the rates are: 6.5 per cent, then 6.75 per cent till November 30, 1995 (APR 8.3 per cent); 6.95 per cent, then 7.45 per cent until May 31, 1997 (APR 8.3 per cent); and 7.2 per cent, then 7.95 per cent until November 30, 1998 (APR 8.5 per cent).

Arrangement fees vary from £150 to £250 and redemption fees from three to five months' interest, depending on the term of the loan.

First-time buyers must take out buildings and contents insurance or a mortgage payment protector policy from the society; however, they benefit from a lower rate in the initial period.

Northern Rock building society is offering a 6.89 per cent fix (APR 7.8 per cent) until August 1 1997. The arrangement fee is £275 and borrowers must take out home and contents insurance.

These rates may not be the absolute lowest that fixed-rate mortgages will ever reach but they are probably pretty close to the bottom. If you are about to take out a mortgage, in historical terms, you are very lucky to have the chance to fix at present rates.

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CAPITAL SHARES were designed to do extremely well in a bull market and they have certainly been up to the task this year.

According to S.G. Warburg, the average capital share rose 65 per cent between January 1 and August 20, compared with a 15 per cent total return from the FT-A All-Share index over the same period.

Split capital investment trusts issue capital shares to attract investors who want a geared stock market return. The rights of capital shares vary from trust to trust.

In a simple trust, there will be two classes of shares: income (which get all the revenue) and capital (which get no income, but all the growth). More complex issues throw in zeros (which pay no income, but get steady capital growth) or stepped preference shares (which earn steady income and capital growth).

The key fact to grasp is that capital shares are at the end of the queue. All the other shareholders get paid off first.

Only if the trust's assets grow significantly will the capital shareholders earn a decent return. But once that target is passed, capital shareholders normally get *all* the growth and the returns start to look really attractive.

As an example, Warburg cites River Plate capital shares. If you assume the trust's assets can grow at 5 per cent a year, the gross redemption yield to capital shareholders (at the August 20 price) will be 18.3 per cent. And River Plate capital shares have already risen by more than 150 per cent this year.

Of course, such high rewards as these do not come without their risks. When the market and trust assets fall, the price of capital shares drops even faster as the prospects of a good payout recedes.

Warburg says: "Shorter-term investors may want to consider taking some profits, as we believe that the UK market is at or near its peak for the current year and there is a genuine risk of some consolidation."

It adds, however: "On a longer-term view, we still believe that certain capital shares represent very good value and are capable of generating outperformance against the markets."

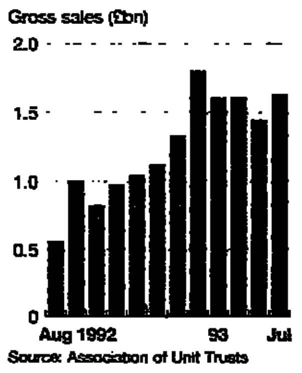
For those who believe the present bull market has plenty of mileage left in it, and who are willing to accept a high level of risk to their capital, the Warburg-recommended capital shares are: Fulcrum, Gartmore Scotland, General Consolidated, M & G Income, River & Mercantile, River Plate, St David's and Yeoman.

But be warned: these shares are definitely *not* for the cautious, for those who cannot afford to lose any part of their capital, or for those who want income.

AT A GLANCE

Unit Trusts

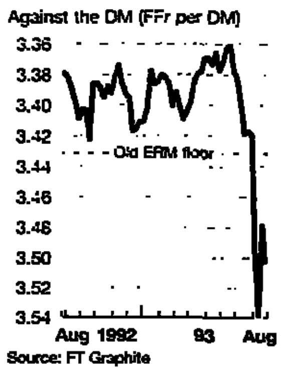
Gross sales (£bn)



Source: Association of Unit Trusts

French franc

Against the DM (FFr per DM)



Source: FT Graphite

Unit trust industry now has £78.8bn under management

Sales of unit trusts continue to soar, as investors in low-yielding savings accounts look for an alternative home for their capital. Gross sales in July were £1,631m, compared with £600m in July 1992 and, after repurchases of £683m, net sales were £948m.
The industry's funds under management are now £78.8bn. The most popular funds among private investors in July were the UK Balanced, UK General and UK Equity Income trusts.

Bundesbank blow to optimists

The Bundesbank kept its Lombard and discount rates unchanged this week, disappointing those optimists hoping for a cut. The French franc came under downward pressure after the Bundesbank decision; no doubt a matter for discussion between German Chancellor Helmut Kohl and French premier Edouard Balladur, who were meeting this week. On Monday, France cut its overnight interest rates.

US tax returns incentive

US expatriates who have not filed their federal income tax returns, are being given an incentive by the Internal Revenue Service to come clean.
Moore Stephens, the New York-based accountants, says that US citizens living abroad can now exclude housing costs and up to $70,000 of foreign-earned income from their gross income.
Previously, these exclusions could only be claimed on an income tax return or an amendment filed within a limited period. Under the new rules, an expatriate taxpayer can file returns which are years overdue and no time limit is set for filing a return claiming the exclusions.
However, Moore Stephens warns that if expatriates owe federal income taxes and are contacted by the IRS before filing their returns, they lose the tax break.

New enterprise zone trust

Collective Investments has launched EZT7, a new enterprise zone trust. The aim is to raise £4.4m for office headquarters which have been pre-let to Nike (UK), subsidiary of Nike, the manufacturer of sports footwear. The HQ is to be built at the Doxford International business park which is part of the Sunderland enterprise zone. The minimum investment is £10,000 and the closing date is September 3.

Fresh share dealing service

A new share dealing service has been launched by City Deal Services, of Romford, Essex. Commission charges will be a flat rate of £9, plus £1 per £1,000 of trade value.
The new service called Postrade will open on September 1 (further details on 0708-738887).
There will be a special introductory offer of a flat rate selling commission of £8.50 on privatisation shares worth less than £20,000. City Deal Services is a member of the Securities and Futures Authority and has recently become a member of the Stock Exchange.

Smaller companies join the fun

With the FT-SE 100 Index continuing to reach new highs, smaller company shares are joining in the euphoria. The Hoare Govett Smaller Companies Index (capital gains version) rose 0.8 per cent from 1577.03 to 1590.21 over the seven days to August 26.

Wall Street

Six years on, memories of the crash revive

AMERICANS cannot resist anniversaries. They are not content with making a big fuss of just the nice round numbers like 10, 20 or 25 years. Anything that happened this time any number of years ago is an excuse for a party, a commemoration, or for the chance to sell a few million more greeting cards.

In fact, why wait a whole year? This week, New Yorkers who work at the World Trade Centre observed the six-month anniversary of the day the twin towers were bombed. At least the Floridians who suffered at the hands of Hurricane Andrew's fury had the patience to wait 12 months before remembering their disaster.

So, it was no surprise this week when Wall Street analysts pointed out that the US stock markets reached their pre-crash high six years ago this past Wednesday. On August 25 1987, the Dow Jones Industrial Average climbed 25 points to 2,722.

Just a few weeks later, of course, the great crash of October wiped a staggering 36 per cent off the Dow's value.

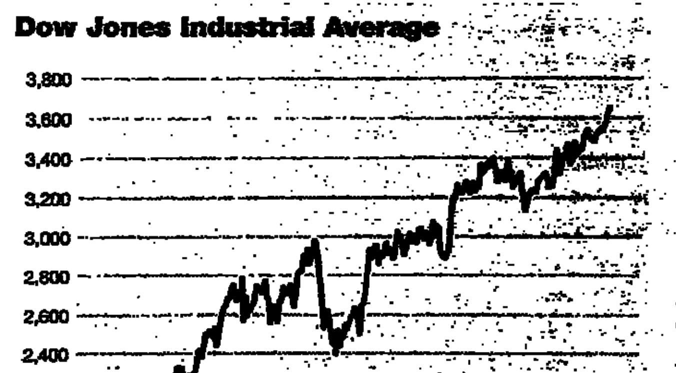
The point of noting this particular anniversary, of course, was to suggest, none too subtly, that history might repeat itself. After all, this week the Dow rose on August 25 to an all-time high of 3,652.09. And, in the two trading days that followed, the average failed to advance past that mark, slipping back amid profit-taking.

Could this be an omen? Are the markets heading for the kind of calamitous event that made October 1987 (not to mention August 25 1987) such a memorable date?

Few really think so, for 1993 is different from 1987 in one all-important characteristic. Six years ago interest rates were rising - a key ingredient in any big market correction. Today, interest rates are falling – and to record low levels, to boot.

While no one is discounting the possibility that stocks may struggle to sustain their present highs, and could even suffer some kind of setback, the consensus among Wall Street analysts is that as long as interest rates stay low, the markets should be in good shape.

Dow Jones Industrial Average



Source: FT Graphite

It is difficult to over-state the role interest rates have played in the 1993 bull market. It certainly has not been the robustness of the economy that has propelled share prices to such heights this past year.

August has been a case in point. Equities have performed extraordinary well in spite of the fact that the economic news has been less than encouraging.

So far this month, stocks have risen on all but six of 19 trading days, and only once (in yesterday's morning session) did the Dow register a double-digit decline. Countless record highs have been set in August and the volume of trading has been surprisingly heavy for what is traditionally the busiest holiday month of the year for market practitioners.

Investors have been buying stocks because interest rates have been falling – and falling fast – thanks to a still-struggling economy, low inflation, and a shortage of new bonds.

At the start of August, the yield on the benchmark 30-year bond stood at 6.56 per cent. By yesterday morning, the yield had dropped to 6.08 per cent, the lowest it has been since the Treasury began issuing 30-year bonds on a regular basis in 1977.

Short-term rates also have fallen sharply this month: the yield on the two-year note has dropped from 4.1 per cent to 3.8 per cent.

With interest rates so low, stocks are attractive to investors seeking returns better than the 2 to 3 per cent available on short-term assets like certificates of deposit and money-market funds.

One problem, however, is that stocks look expensive at the moment, at least by historical standards. The Standard & Poor's 500 is trading at 23.5 times earnings.

Until recently, this did not seem to matter much. However, in the last month or so, it has been noticeable that investors have become more careful about where they invest their money.

The search has been on for stocks that have missed out on the summer rally, or simply those that have underperformed the rest of the market. Thus, over the past couple of weeks, consumer product stocks such as Procter & Gamble, Coca-Cola, Pepsico and American Brands have been in favour.

Many consumer stocks have had a difficult 1993, and so are among some of the few bargains left in the market. Philip Morris is among them, although this week the stock lost a lot of its recent gains when the tobacco and foods group decided not to raise its quarterly dividend.

Patrick Harverson

Monday	3605.98	-	09.50
Tuesday	3638.96	+	32.98
Wednesday	3652.09	+	13.13
Thursday	3648.18	-	03.91
Friday			

The Bottom Line

Talking telephone numbers

THE US appetite for mobile communications seems limitless. Even before AT&T's $12bn plus takeover of McCaw, shares in the UK mobile operator Vodafone had shot up, thanks largely to US investors.

The shares began May at 377p then enjoyed a rise in anticipation of encouraging year-end results. The market was pleased by the profits and outlook and the shares resumed their climb even before the McCaw deal. They closed last night at 579p, up more than 50 per cent in less than four months.

Moreover, Vodafone has been one of the week's heaviest traded stocks on Wall Street where it has an ADR listing. More than a quarter of the company's shares are held in the US; a significant increase in a few months.

What does Wall Street see in Vodafone? "The size of the McCaw deal convinced US investors that other cellular operators are undervalued," says Laurence Heyworth, telecommunications analyst at Robert Fleming.

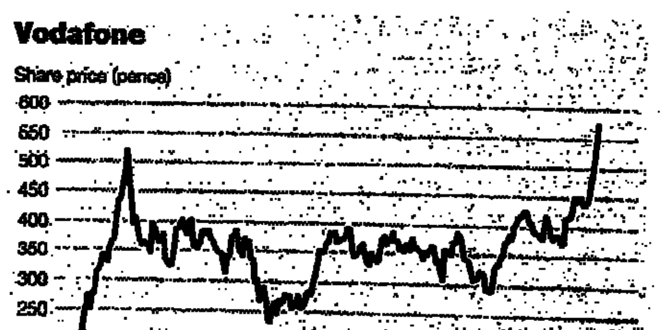
Vodafone is not the only beneficiary of the cellular gold rush. But as the world's largest dedicated mobile company it is the prime magnet for funds in search of a second McCaw.

If they are after another takeover, investors are probably backing the wrong horse. Allowing for a typical premium, a purchaser would need to find about £7bn. The only telecommunications companies with that sort of spare cash are BT and AT&T. But after their recent sprees, neither is in the market. Anyway, regulatory hurdles would prevent BT from making the acquisition and accounting considerations deter everyone. A buyer of Vodafone would have to take a gigantic goodwill write-off since its net assets are worth only about £600m.

Investors banking instead on still larger returns from Vodafone's businesses in the UK and overseas can take some comfort. Europe's cellular operators enjoy a licence to print money. They are monopolists or duopolists in lightly regulated markets. Their customers regard the services as essential and pay little of the bill personally.

Vodafone

Share price (pence)



Source: FT Graphite

Vodafone prints more than most. Last year its operating profit was 46 per cent of sales and its cash flow 58 per cent. With 115,000 net new connections to its existing analogue network since last December, 50,000 of them paying the standard business tariff, its margins are unlikely to fall significantly this year.

Long term, Vodafone wants as large a population base abroad as at home, allowing for relative income differentials. Yet its overseas licences are mostly recent acquisitions, and significant foreign revenue is at least two years away.

The UK markets will determine the company's medium term fortunes. It is astonishing that Vodafone and Cellnet have avoided price regulation for so long. A large part of the explanation is that competition has always been just around the corner.

After repeated delays, it is finally coming, in the shape of Mercury One-2-One, a digital PCN network about to be launched in and around London. One-2-One is not going all-out for the existing operators on price. Its prospective tariffs have so far obliged Vodafone to do no more than cut the special premium on its business tariff in London, and price local calls on its new "MetroDigital" network, coming on stream in October, more competitively. With capital costs falling fast, that is still compatible with 50 per cent margins provided One-2-One expands the market while only slowly bringing down prices.

That may happen. It is what Gerry Whent, Vodafone's chief executive, has in mind when he says of One-2-One: "We need you as competition, otherwise we will get regulated".

However, if it *does* happen it may not be the end of the matter. For if competition fails to bring down margins, the case for regulation will be unanswerable. On the other hand if "softly softly" fails to get Mercury many customers, the very survival of One-2-One may push Mercury into a serious price war for the first time in the industry's history.

Private consumer who do pay their own bills can only relish the prospect. But neither scenario would comfort Vodafone's new US investors.

Andrew Adonis

FINANCE AND THE FAMILY

Is it really the decade of the bond?

A three-year rally has encouraged bond investment, says ***Philip Coggan****, who explains how to buy gilts*

THOSE WHO said that the 1990s would be the decade of the bond have not looked too foolish so far. Bond prices around the world have been rising and gilts (bonds issued by the government) have enjoyed a three-year rally in the UK.

The redemption yield on long-dated high-coupon gilts has fallen from nearly 12.3 per cent at the end of April 1990 to around 7.5 per cent today. The long-dated gilts price index has risen nearly 50 per cent over the same period.

Britain's departure from the exchange rate mechanism, and the subsequent falls in short-term interest rates, have helped the rally. But the key to the revival in gilts market has been the fall in the rate of inflation, and investors' expectations that the UK has moved into a low inflation era.

Inflation quickly erodes the capital value of a fixed interest security such as a gilt. If inflation is 5 per cent, then after 10 years the real value of £100 invested in a gilt falls to £61.39. Ignoring dividend payments, £100 invested in gilts in 1945 would be worth little more than £2 today.

But, with headline inflation at 1.4 per cent, gilts look a much more attractive proposition. A long gilt yielding 7.5 per cent is thus offering a real gross return of 6.1 per cent.

That compares well with the real return on offer in April 1990, at the start of the recent rally. Then inflation was 8.1 per cent, so the real return was just 4.2 per cent.

The apparently high real returns on offer at the moment are partly illusory. The headline rate of inflation has been flattered by the falls in mortgage rates. Stripping out that effect, the underlying rate of inflation in July was 2.9 per cent, bringing the real yield down to 4.6 per cent.

Nevertheless, such a real return looks attractive in historical terms. Furthermore, the fall in base rates to 6 per cent means that cash deposits yield less than long term gilts (the reverse was true in April 1990, when base rates were 15 per cent and gilt yields were 12).

Those who doubted the potential of the bond market to rally were less concerned with demand, than with supply. The government is having to fund a £50bn budget deficit this year and is meeting most of the gap with gilts issues. To date the government seems to have had no difficulty funding itself and is even ahead of schedule.

■ **Gilt prices and yields**

Private investors should understand a number of factors before they buy gilts. The first is that as prices rise, yields fall. So normally speaking, gilts do well when interest rates decline.

But much depends on the maturity (see box on jargon) of the gilt concerned. Yields on a short-dated gilt will follow base rates very closely, since such gilts are comparable to cash.

Long dated gilts will not always rise in response to a base rate cut. If, for example, monetary policy was seen as being too lax, a base rate cut might provoke fears of inflation causing prices of long dated gilts to fall (and yields to rise).

A second factor is that gilts rarely trade at face value. Many at the moment trade above it. Thus investors must realise the difference between the running and the gross redemption yield (see box).

If a gilt is trading above par value, then the running yield will be higher than the gross redemption yield; if a gilt is trading below par value, the reverse will be true. Remember that tax will be deducted from the income, and not the redemption yield.

On Thursday, for example, the Treasury 13 per cent 2000 was trading at a price of 132$\frac{1}{32}$. For every £132.09 you paid, you would get an income of £13, a running yield of 9.84 per cent. For a top rate taxpayer, that return would fall to 5.9 per cent. But if you hold the bond to maturity, you will lose almost a quarter of your capital. The quoted gross redemption yield is 7.04 per cent; the net redemption yield (a complex calculation) will be considerably lower than that.

Capital gains made on gilts are tax-free. However, the corollary is that losses on gilts cannot be offset, for Capital Gains Tax purposes, against profits made elsewhere.

■ **Index-linked gilts**

Index-linked gilts are complex animals. Both the interest payments and the maturity value increase in line with the retail prices index. The coupon is normally 2 or 2.5 per cent.

However, the price of index-linked gilts does not go up in line with the RPI; instead it is set by supply and demand. If you invest in an index-linked gilt at 100 in August 1993, and the RPI increases by 5 per cent over the following year, the price in August 1994 will not necessarily be 105.

To date, most index-linked gilt prices have not risen as quickly as the RPI. Anyone buying an existing long-dated index-linked gilt at current prices can look forward to an additional catching-up gain; their real return will accordingly be 3 per cent plus.

The calculations are complicated because the indexation period does not exactly coincide with the life of the gilt. Indexation starts eight months before the gilt's issue and ends eight months before maturity.

The consequence is that the investor is at risk from inflation in the last eight months of the gilt's life. This matters most when the maturity date of the gilt is only two or three years away. The *FT* shows the real yields on index-linked gilts based on two inflation assumptions – 5 and 10 per cent. The higher the assumed rate, the lower the real return.

Take the 2.5pc 2003 issue, quoted in Wednesday's paper at a price of 164⅛. The real yields shown were 2.85 per cent at 10 per cent inflation and 3.16 per cent at 5 per cent inflation. That would translate to nominal yields of 12.85 per cent and 8.16 per cent respectively.

The attraction of index-linked gilts for private investors may depend on their income needs and tax position. Most of the return comes in the form of tax-free capital gain; which may suit top rate taxpayers. The corollary is that there is little income, which may not suit retired investors.

■ **Prospects for gilts**

For private investors, the key question is whether it is too late to join in the rally. Chris Anthony, sterling bond economist at UBS, thinks "it is more or less too late. There is some value in index-linked stocks (see below) since, in the run-up to a possible tax-raising Budget, investors may be attracted by their tax efficiency." But he sees long gilt yields rising to 8.25 per cent by June next year.

Ian Shepperdson, of Greenwell Montagu, says the market has entered a consolidation phase. He believes base rates will fall to 4 per cent by the end of the year which will be good news for short-dated gilts. But there may be some political alarms during the party conference season which could worry gilt investors. With real yields on index-linked gilts at 3.3 per cent, he says they look a good buy to private investors prepared to put in money for the medium term.

■ **How to buy**

A private investor who is interested in gilts has three options; buying gilts from a stockbroker; buying gilts through the National Savings Stock Register at the post office; and buying them through a bond fund.

A stockbroker is probably the best route for the wealthy investor with a six-figure portfolio who wants to put tens of thousands into gilts. If you fit that category, the chances are you already have a broker.

Brokers can handle large orders, at reasonably economic commissions; and they should be skillful enough to get you the best price on the market.

The Post Office system is best suited for those with relatively small sums of money, who feel confident enough to choose between the many gilt issues on offer. (The Bank of England has issued a booklet, called *Investing in Gilts* which is available from post offices).

The commission on a gilt purchase bought via the Post Office is £1 for the first £250, then 50p for every extra £125 or part. A purchase of £2,000 of gilts would cost £8.

One advantage of buying via the National Savings Stock Register is that interest can be paid without tax deducted, which may suit non-taxpayers. The limit on an NSSR purchase was recently increased from £10,000 to £25,000.

However, the disadvantage is that transactions are conducted by post and the NSSR cannot guarantee to buy at a particular price or on a particular day.

For those, who do not feel expert enough to select their own gilts, a bond fund might be the ideal solution. These are normally unit trusts which buy a portfolio of bonds, with the aim of offering investors income, capital growth, or a combination of the two.

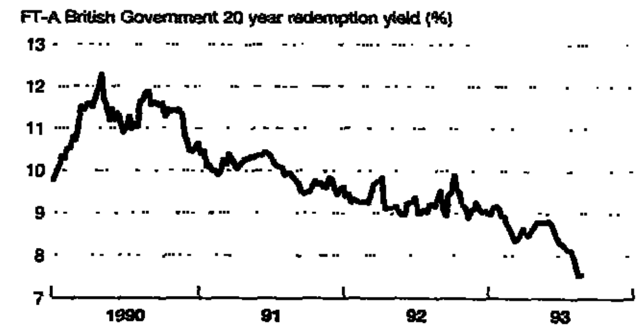
There have traditionally been two objections to the use of bond funds for private investors. The first is that profits on bond fund holdings, unlike profits on gilts themselves, are subject to capital gains tax. However, few investors use up their annual £5,800 CGT allowance.

The second problem is that the managers' fees can subtract substantially from investor returns, especially when yields are low. Some managers have tried to tackle this problem by cutting the initial charge; notably the Aberdeen Gilt Growth and Income funds, Fidelity's Gilt And Fixed Interest Fund and Murray Acumen Reserve. But annual charges in the sector can still be high, with some funds charging as much as 1.5 per cent.

Offshore gilt funds can pay income gross to investors, which can make them more attractive for non-taxpayers. *Weekend FT* regularly publishes tables showing the yields and performance records of both onshore and offshore bond funds. The fund with the highest yield is not necessarily the best; it could be that the capital is being eaten away to provide the yield. As of August 1, the onshore gilts trusts with the best performance over the last five years were: Murray Acumen Reserve, Whittingdale Short Dated Gilt and Abbey Capital Reserve.

Long-dated high coupon gilt yield

FT-A British Government 20 year redemption yield (%)



Source: Datastream

A guide to gilts jargon

Coupon. Sometimes used to describe the interest rate on a gilt.

Gross redemption yield. The annualised percentage return, before tax, which reflects both interest and capital gain (or loss) if held until maturity.

Maturity. The date on which the gilt will be repaid.

Par value. In pricing terms, gilts are deemed to have a par value of 100.

Anyone buying a gilt priced above par value (ie over 100), will make a capital loss if they hold it until maturity. Anyone buying below 100 will make a gain.

Running yield. The income return from a gilt, ignoring any capital gain or loss.

FINANCE AND THE FAMILY

Not so friendly after all

THE DECISION by the troubled Lancashire & Yorkshire friendly society to impose a 12 per cent levy on its 67,000 policyholders for a compensation fund is unprecedented, says the Registry of Friendly Societies.

In a letter to policyholders, dated August 18, L&Y said it had reduced all unit prices on the society's benefit funds by 12 per cent on August 1 for a £10m compensation fund.

It fears that a High Court ruling will oblige it to pay compensation to roughly three-quarters of its policyholders. Bernard White, treasurer, said that since the society is a mutual, members would be liable for compensation were the High Court to decide that the society had to pay.

The irony is that policyholders are contributing towards a fund for their own compensation. The society went to court for directions on how to deal with a series of fundamental errors which came to light last year.

More than half the policyholders at L&Y – some 39,000 – have suffered as a result of a £4.3m property write-off on unauthorised investments in its Capital Secure fund. This was advertised as investing only in cash deposits and gilts – but it was found to have invested £6.8m in a hotel development near Rotherham which, after falls in the property market, was valued at £2.5m last year. It also invested in the society's present headquarters, Moorgate Hall, a Grade II listed building in Rotherham.

The court is to determine the way in which the property losses should be treated and John Ramsden, L&Y's chairman, said the advice he had received from his lawyers indicated that the society might be required to compensate policyholders.

The other issue on which the court is to make a judgment is whether 7,000 policies which were funded by a lump sum are eligible for tax-exempt status. To qualify for tax exemption, the policy must be funded by regular premiums. Any lump sum payment is often used to buy an annuity but L & Y had not arranged this.

At the end of last year, L & Y's actuary estimated that the society's contingent liabilities were £8.3m. White says the society is being prudent in setting up a £10m compensation fund, £6.3m of which is the estimated payment to those invested in the Capital Secure fund and £2m for the 7,000 policyholders who may find their policies do not qualify for tax exemption. Policyholders are angry, since they were not consulted over the decision. "I'm faced with a *fait accompli*. Nobody consulted me," said Andy Anderson, a member who lives in Morayshire, Scotland. He said his request for an extraordinary general meeting was turned down.

The money is being held on deposit with the Royal Bank of Scotland, L&Y's trustee, and the society says it will be returned to policyholders if the court does not require compensation to be paid.

Scheherazade Daneshkhu

Putting trust in pensions

***Debbie Harrison** finds a small but well-formed alternative to life companies in providing an income after retirement*

DOES THE average employee have a real choice when it comes to a personal pension provider? Unfortunately, the answer is no. Despite most financial institutions being able to offer these plans, the fact is that life offices have maintained a virtual monopoly on this lucrative market.

Personal pensions were introduced in July 1988 to allow employees to opt out individually from the state earnings-related pension scheme (Serps), and to provide a tax-efficient investment vehicle for their retirement savings. Of the 5m plans sold to date, an estimated 97 per cent are life office products.

So, what happened to the other institutions? Most of the banks and building societies, deterred by the cost of setting up systems to offer pensions, rushed with almost indecent haste into the welcoming arms of the life offices and signed exclusive sales agreements in return for handsome commissions.

One of the few sectors to challenge the life office monopoly - the unit trust groups - saw its meagre presence reduced further when Fidelity withdrew from the market earlier this month. Fidelity's action leaves only three main unit trust providers: Rothschild Asset Management (RAM), Gartmore and Murray Johnstone.

Despite this, unit trust pension plans are worth considering by both individuals and employers interested in setting up a simple, cost-effective group arrangement that offers flexibility of contributions without penalty.

Murray Johnstone's product is a group money-purchase scheme under which the unit trust group handles the investment but the administration is looked after by a third party. RAM and Gartmore continue to provide individual plans and undertake both investment and administration. Both companies are keen to develop in the group market.

Assuming you are satisfied with the performance, one of the main attractions of unit trust personal pensions is the charging structure. These products offer a simple, clear fee system with two elements: the initial charge (or bid/offer spread) and the annual management charge.

RAM's charges are 5 per cent initial and 1 per cent annual while Gartmore's are 6 per cent initial and 0.5-1.5 per cent annual, depending on the fund. Murray Johnstone cut its fees last year and now imposes an initial charge of up to 1 per cent and an annual management levy of 1.5 per cent.

Bear in mind, however, that RAM and Gartmore allow in their initial charge for a commission payment to the adviser, part of which could be rebated or re-invested. Murray Johnstone usually sells through fee-based advisers.

By comparison, life office charges are notoriously complex and it is impossible for the layman to find out what he is actually paying. In addition to the bid offer spread and annual management fee, there are policy and administration fees.

Ashley Ashwood

Pensioners with a serene future . . . but choosing the right plan is crucial

Many unit-linked insurance plans also allocate the early contributions to "initial" or "capital" units which carry a higher annual charge than standard units.

Furthermore, regular premium plans tend to pay a hefty up-front commission to the adviser, often accounting for most of the initial two years' contributions. This is usually paid from the capital unit charges. Unit trust groups can pay only a single premium commission of 4-5 per cent, which is incorporated in the bid offer spread.

While it can be shown that there is little difference in total commission cost between the regular and single premium method over a 25-year investment period, few plans last this long in practice and many are terminated within the first few years.

Robert Ivey, financial services manager at actuarial consultant R. Watson and Sons, says: "Many people with personal pensions will face the situation where they have to stop making regular contributions, perhaps because they have moved to a company which has a good pension scheme, been made redundant, or simply can no longer afford to contribute.

"In these circumstances, it is important that they receive the full value of their contributions. Contracts arranged as a series of single premiums are likely to provide considerably better value for money in this event. This is the standard basis used by unit trust providers."

Despite this advantage, several problems have beset the unit trust groups. Personal pensions are a heavy administrative burden on providers and, while life offices are geared up to cope with this, unit trust groups have had to start from scratch.

Moreover, unit trust groups are not able to offer important features like life cover and waiver of premium insurance. In most cases, this has to be bought separately, although Gartmore has set up an arrangement with Swiss Life to provide these benefits.

Explaining Fidelity's reasons for abandoning its personal pension plan, Mary Blair, executive director of product development, said: "We see ourselves primarily as an investment house, and we found dealing with the complex pensions legislation and administration very onerous." Fidelity has transferred its clients to Professional Life, which will handle the pensions administration while maintaining an investment link with Fidelity's funds.

Other well-known groups did not even attempt to provide a unit trust personal pension. Save & Prosper and M & G decided to launch unit-linked products through their life operations while Mercury Fund Managers (the investment arm of merchant bank S.G. Warburg) set up Mercury Life in July 1989 specifically to launch a unit-linked product.

Midland Bank switched to a unit-linked product despite the apparent initial success of its unit trust plan. Last year Invesco linked up with Provident Life to provide unit trust investment but, again, via a life office unit-linked plan.

In all of these cases, the higher charging structure and higher commissions paid on unit-linked personal pensions made them favourites over the more cost-effective but less lucrative unit trust version.

Employees and employers interested in unit trust personal pensions, whether on a group or individual basis, should bear in mind the long-term nature of this type of investment and seek advice to select the fund suited best to their own risk profile. The unit trust groups do offer deposit and gilt funds, for example, and recommend a switch to these safe havens five years before retirement to protect gains in the event of a stock market crash.

BES deadline

AS SEPTEMBER draws closer, university business expansion schemes will begin to dry up. BES companies are allowed to buy only property which is empty, which means before term begins.

This week's offerings include another FT-SE 100-linked scheme sponsored by Close Brothers. BESSA Wye College is an arranged exit, cash-backed scheme to provide accommodation for Wye College, University of London.

Investors can choose one or two companies. The first offers a fixed price of 121p after five years for every 100p invested, equating to a 13.9 per cent annual compound return to a higher-rate taxpayer.

The second will give a fixed return of 60p, plus a variable return of 2.44p for every 1 per cent growth in the FT-SE.

There is a lock-in once the index achieves 25 per cent growth (giving investors a return of 121p) and 0.6p for every 1 per cent growth thereafter. The minimum investment is £2,000.

Sponsor Neill Clerk's cash-backed Glamorgan Residences aims to raise £4.5m for student accommodation for the University of Glamorgan. The arranged exit price is 122p and minimum investment £1,000.

Capital Prime Properties, an assured-tenancy BES sponsored by Johnson Fry, seeks to raise £5m to "buy property in London as cheaply as possible, add value to it where it can, and let at the highest possible rental."

The minimum application is £3,000. There is a 4 per cent discount for applications received before September 7, and 2 per cent from then to October 5.

Capital Ventures next week launches Cambridge Collegiate Consortium, a cash-backed offer with a fixed exit price of 122.5p.

For those who prefer trading ventures, Safewear Wessex, a Hampshire-based corporate clothing and work-wear company, has launched a BES trading company called Bodycover plc which will acquire the parent.

The company will continue to supply corporate clothing and plans to create a franchise network.

S.D.

Week Ahead

FORECAST vary sharply over the interim results of HSBC Holdings, the parent of Midland Bank, to be announced on Tuesday. Pre-tax profit estimates range from about £1bn to about £1.3bn, both substantially higher than last time's £521m.

Midland has already revealed profits up at £385m (£60m) and Hang Seng Bank has weighed in with HK$2.75bn (HK$2.34bn). Some £200m from a favourable HK dollar exchange rate will also be included. The only possible black cloud could be China's cooling economy.

Bowater, the packaging and industrial films group, is expected to announce a strong increase in interim pre-tax profits from £62.4m to between £85m and £90m on Thursday. Much of the rise is likely to be accounted for by the contribution from Specialty Coatings International, the US coatings company bought for $434m earlier this year, although estimates differ of how large this contribution will be.

Analysts are hoping for evidence from the company that SCI has been integrated into the group and is performing well. The interim dividend is forecast at 5p, from a restated 4.7p last year.

Analysts expect Ladbroke Group to report a fall in pre-tax profits for the first half on Thursday. Last time's profits will be restated under FRS 3 to about £81.5m to account for estimated hotel disposals and this time forecasts range from about £68m, if there is a higher interest charge, to about £74m. The one bright spot should be UK racing. The dividend should be held at 4.92p.

Rolls-Royce, also reporting on Thursday, is set to reveal operating profits sharply lower at about £30m (£44m), affected by the conditions in the aerospace and industrial power markets. Including exceptionals should result in flattish pre-tax profits of about £20m.

Reckitt & Colman, the mustard-to-lavatory cleaner group, is expected to show an increase in interim pre-tax profits to around £150m (£134.2m) when it reports on Thursday. The shares have been poor performers with worries about prices squeezed by retailers, the slowdown in the European economies, and longer term concerns about the value of brands.

Burmah Castrol is reporting interim results the same day and is expected to announce net profits of between £44m and £46m. The group's German operations, which since April have had a contribution from Tribol, the industrial lubricants bought from ICI for £31.7m, are going to be watched carefully.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Assoc Fisheries	150§§	158	124	6.61‡	Linton Park
Flogas ‡	325*	308	256½	79.40 ††	DCC
Man Ship Canal	£33½*	£29¾	£21½	£28.80 †	Peel Hldgs
Watts Blake	420*§	434	391	87.53	Sibelco

*All cash offer. ††Value of bid based on 30% stake. §For capital not already held. § Unconditional. **Based on 2.30 pm prices 27/8/93. §§Shares and cash. †Value of bid based on remaining 20% of shares. ‡Value of bid based on remaining 25% of shares. ‡ Figures all quoted in Irish currency.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aerospace Engineering	Eng	Apr	214	(2,160 L)	0.75	(-)	0.25	(1.0)
Bimec Industries	Misc	Mar	16,400 L	(6,040)	-	(5.1)	-	(0.67)
Murray Income Tst	InTr	Jun	11,400	(12,300)	10.6	(10.8)	10.9	(10.6)
News Int'l	Med	Jun	161,200	(49,100)	15.3	(3.98)	1.37	(0.9)
Primadona	InTr	Jan	237	(309)	3.9	(5.1)	4.5	(4.5)
Property Tst	Prop	Mar	787	(7,860 L)	5.8	(-)	-	(-)
Raglan Property Tst	Prop	Mar	2,440 L	(1,596 L)	-	(-)	-	(-)
River & Merc Small	InTr	Jul	1,400	(1,250)	4.07	(3.69)	4.0	(3.8)
Smith (WH)	Stre	May	113,300	(108,100)	21.1	(21.2)	14.2	(13.4)
Stanelco	n/a	Feb	36	(93)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Anglo Group	Med	Jun	10,250	(-)	-	(1.37)
Bostrom	Misc	Jun	1,600	(795)	2.5	(2.5)
Bournemouth Water	Wat	Jun	2,078	(2,080)	18.0	(-)
Bradford & Bingley	n/a	Jun	56,502	(36,800)	-	(-)
Bridon	Eng	Jun	1,108	(700)	1.25	(1.25)
Bristol & West	n/a	Jun	20,400	(8,500)	-	(-)
Burlington Group	OtFn	Jun	84	(54)	-	(-)
Carlile's Hldgs	OtFn	Jun	4,000	(6,000)	1.5	(1.5)
Church & Co	Stre	Jun	305	(246)	3.0	(3.0)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Figures in parentheses are for the corresponding period. *Dividends are shown net pence per share, except where otherwise indicated. L = loss. [illegible]

RIGHTS ISSUES

MB-Caradon is to raise £384m via a 1-for-4 rights issue at 260p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

[illegible] is to raise [illegible] via a placing & open offer.

Wolseley is to raise [illegible] via a placing of 8.14m shares at 632p.

RESULTS DUE

Company	Sector	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INTERIM DIVIDENDS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. 1st quarter figures. † = Figures quoted in US cents. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

Pain in Spain for holiday home-buyers

New tax could make life more complicated for those owning property through offshore companies, reports ***Caroline Garnham***

THE IMPOSITION of a new tax – the 5 per cent *impuesto especial* – has brought into question the advantages of owning a holiday home in Spain through an offshore company.

In the good old days – probably before those of time-share – you would be encouraged to buy such a property through a non-Spanish (probably Gibraltarian) company, either by the vendor or by some friendly local expatriate or adviser.

The reasons given for owning your holiday home through a non-Spanish company could be any one or more of the following:

■ To avoid ISD, Spain's equivalent to inheritance tax.

The rate varies but can be as high as 81.6 per cent, although only where the inheritance is more than Pta100m and passes between people with no family relationship.

Recipients resident in Spain are charged ISD on all gifts and inheritances, but ISD is charged only on Spanish-sited assets for non-residents. If, therefore, you are a non-Spanish resident and you own your *casa* through a non-Spanish company, you will be owning shares in a company outside Spain and not the property directly. Therefore, you will be outside the scope of Spanish ISD.

Another advantage of the offshore company relates to the lack of a double-tax treaty with Spain covering death duties. If you are UK-domiciled when you die, your estate will be charged UK inheritance tax and the beneficiary of your Spanish property will be charged ISD unless you have set up an offshore company.

■ To avoid the Spanish equivalent of capital gains tax on a sale or gift.

For non-Spanish residents, Spanish tax is charged on the disposal of Spanish property but not on the sale of shares in a non-Spanish company.

■ To avoid the costs on a resale or gift – which can be as much as 11 per cent.

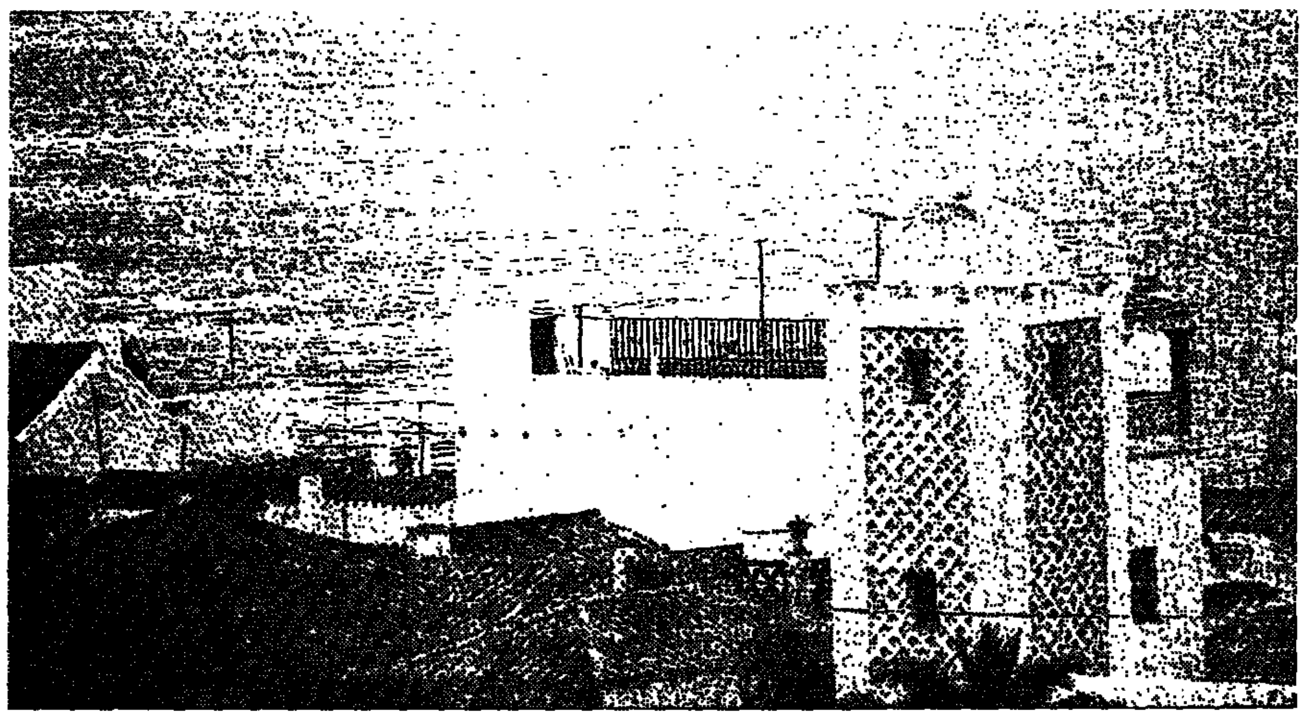
The greater part of these costs is taken up by the Spanish equivalent of stamp duty, ITP. For residential property, this is generally 6 per cent of the sale price.

■ To avoid *plus valia*, which is a local tax charged on the increase in the so-called *catastral* value since acquisition.

Land in Spain has a value which can be ascertained from the local town hall. Historically, *catastral* values have lagged behind market value; but now that the market price for Spanish property has fallen, the *catastral* values are closer to market value.

■ To avoid the rules of succession in Spain (in other words, who gets what when you die).

Spanish succession rules apply only to Spanish nationals, and provided you can prove that your will complies with your local law, this usually is accepted.



Anthony Howorth

Where the tax could bite . . . Torremolinos, one of the popular areas for acquiring holiday homes in Spain

The reasons for buying a Spanish property through a non-Spanish company are quite convincing, but what are the drawbacks? First, if you are a non-Spanish resident and you are thinking of letting your property there, the *Hacienda* (Spain's Inland Revenue) can make non-resident companies pay corporation income tax, or ISS, at 25 per cent on the gross rent received from the property.

Second, if you are resident in the UK for tax purposes, owning a property in Spain through a non-Spanish company could result in tax problems in the UK. The Inland Revenue can charge income tax on the benefit of accommodation provided by a company if you are an employee or director (including, arguably, a deemed director who, in fact, controls the company).

One way to avoid this charge could be for your Spanish property-owning company to be controlled by a trust, so that accommodation is provided through being a beneficiary of this rather than an employee or director of the company. Where your trust should be resident depends on your domicile. If you are domiciled in the UK, there is little advantage in setting up a trust elsewhere.

Third, and not least, is the new *impuesto especial* which applies to all non-Spanish companies holding Spanish property. The tax is charged on the *catastral* value and accrues on December 31 each year, starting in 1992.

There are a number of exemptions, especially where the non-resident owner can satisfy the authorities of the origin of the funds used to acquire the *casa*, as well as the identity of its owners (together with an undertaking that the authorities will be notified of any change). At present, the *Hacienda* is interpreting this exemption very narrowly – in particular, when dealing with Gibraltar holding companies.

The *impuesto especial* poses no real threat to an English resident buying his *casa* through a non-Spanish resident company and trust structure – assuming the original source of funds is ascertainable, clean, and causes no embarrassment to either the company or the beneficial owner. But where this is not the case, the problems may not be quite so simple to resolve.

■ *Caroline Garnham is a tax and trusts specialist with City firm Simmons & Simmons.*

Directors' transactions

SALES WERE a prominent feature during a fairly quiet week. Two directors of Alba, chairman John Harris and chief executive Daniel Harris, each sold 650,000 shares at 145.6p. The group has a diverse range of businesses including audio and video goods and giftware. Over the past six months or so, the share price has performed steadily and both men retain considerable holdings, accounting for more than 34 per cent of the company.

Evans of Leeds, a property development group, is another company where the share price has been doing well. Recent sales at between 204-208p by Michael Evans, a non-executive director, and Bill Gibson, an executive director, still leave each with a considerable number of shares.

Indeed, Evans – who, with other members of his family, holds almost 50 per cent of the company – has reduced his holding by only a small proportion.

Scantronic makes alarms used against intruders and for the care of the elderly. The recent sale by Christopher Brookes, the chairman and chief executive, was made for tax purposes.

Colin Rogers,
the Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Alba	Elns	1,300,000	1,905	2
BPP Holdings	BuSe	82,712	251	1 *
BWD Securities	OthF	60,000	73	1 *
Cranswick	FdMa	62,000	112	1
de Morgan	Prop	1,250,000	60	2
East Surrey Hldgs	Watr	5,200	18	1
Epwin	BdMa	57,091	153	1 *
Evans of Leeds	Prop	2,001,750	4,084	2
Eve Group	C&C	10,000	44	1
Faber Prest	Misc	44,054	177	1
Fletcher King	Prop	200,000	120	1
Henderson Admin	OthF	5,500	58	3
Kwik Save	FdRe	14,500	107	1 *
Learmonth &Burchett	Elns	25,000	56	1
London Merchant Sec.	Prop	50,000	52	1
Lyles (S)	Text	14,500	11	1
Marks & Spencer	Stor	126,867	469	2 *
Norcros	Othl	7,000	12	1
Reed International	Med	74,600	497	1 *
Scantronic	Elns	550,000	473	1
Securicor Group A	Tele	6,000	42	1
Tams (John)	Misc	13,400	12	1
Westbury	C&C	8,000	13	1
PURCHASES				
Cardiff Property	Prop	15,000	27	1
de Morgan	Prop	1,250,000	60	1
Rodime	Elns	7,279,345	582	3
Shoprite	FdRe	10,000	16	1
Takare	Hlth	8,000	19	2
The Investment Co	OthF	50,000	18	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 16-20 August 1993.
Source: Directus Ltd, The Inside Track, Edinburgh

Monthly sales

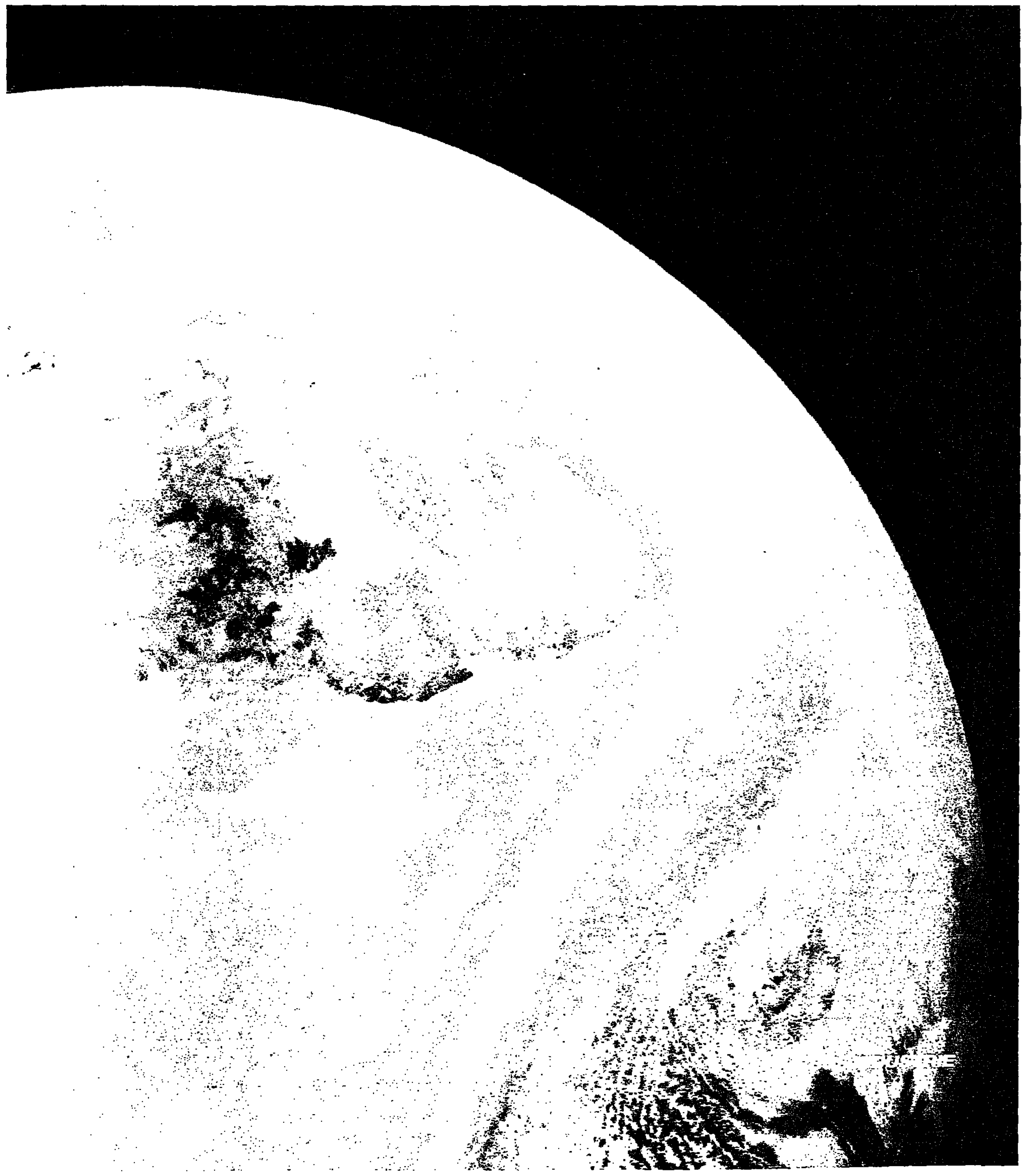
JOHNSON FRY is launching a monthly postal auction for buyers and sellers of second hand with-profit endowment policies.

Selling a second-hand endowment policy is usually a more attractive option than surrendering it to the life insurance company because buyers are attracted by the steady growth that with-profits policies can provide.

Bidders will be required to make a deposit of £500 for a submitted bid (a catalogue of policies for sale can be obtained from Johnson Fry Securities, 20 Regent St, London SW1Y 4PZ). There will be a reserve price for each policy and no bid below that will be accepted.

The first auction date in on September 14 and bids must be received by 10am that day.

P.C.



Unit trusts

Small doesn't have to be risky

Scheherazade Daneshkhu profiles a fund which has profited from minimising the hazards in a volatile sector

THINK smaller companies, think risk. This is the thought process which James Findlay, manager of Hypo Foreign & Colonial's US Smaller Companies trust, is keen to dispel, since his strategy is to minimise investment risk in what is seen as a volatile sector.

That strategy seems to have paid off and the fund has an impressive record. It is top of the North American sector over the seven years and five years to August 1, and is the second highest-performing fund in that sector over three and two years, according to the Hardwick Stafford Wright Stats Pack.

When it was launched in 1983, as the F&C American fund, it was not confined to smaller companies. Findlay, who has managed it since 1986, says the decision was made to concentrate on smaller companies after a time when corporate re-structuring, brand name exploitation and a weak dollar – which had helped larger companies to outperform – appeared to be ending. The fund's name was changed in 1986 when it had only £1m under management. Now, it has £80m.

In 1987, when stock markets collapsed, the fund lost 30 to 40 per cent of its value – not unusual at the time and better than many smaller companies' funds, but a situation which Findlay would not care to see repeated. "Until then," he says, "I had been doing much the same as everyone else by investing in new issues, technology stocks and restaurants. But, after the crash, I decided to formulate a strategy to create a vehicle to invest in the US with a lower volatility ratio than most of the other funds."

Part of this strategy is to adopt a longer investment horizon by trying to double the share price in two to three years instead of adopting the shorter term time horizon followed by most other smaller company funds.

The share price must be cheap relative to earnings, cash flow or asset value, but Findlay will not invest unless a company is well managed.

Most smaller companies' funds seek out firms in rapidly growing sectors of the economy but, unusually, Findlay tends to avoid those involved in technology because he believes their performance is too unpredictable and volatile.

The down-side of this lower-risk strategy is that the fund misses out on high-growth periods, such as 1991 when the US bio-technology sector was the star performer. Still, Findlay says he is prepared to accept this as the price for reduced volatility.

"Most people like to invest in a cure for cancer, but these companies tend to be expensive and have a high risk profile," he says. "The primary goal for me is not to lose any money in an individual investment, so I try to find understandable businesses with predictable earnings."

He tends to avoid defence stocks and restaurants for the same reasons. "In a bad year, my objective is to try not to go down a lot because of the effect on compounding. At the end of the day, the compounded rate of return is what matters to investors."

This means that the list of companies in which the fund invests is decidedly unglamorous. "You could fall asleep looking at it," Findlay admits.

The largest holding, accounting for 4 per cent, is in Tejas Gas, an unregulated pipelines company which sells their use to gas companies. Findlay likes it because it earns money each time gas goes through the lines. "I try to have companies with a lot of recurring revenues," he says. "Tejas has no capital investment to make, so earnings are free to be investing in buying more pipelines. I never invest in companies which have to sell equity capital in order to grow."

Magma Power, another favourite, is also an energy company which produces electricity through geo-thermal sources. "It is a very stable business and I have made three times my money in the four years I have held it."

Oakwood Homes, which specialises in making prefabricated dwellings, has also produced good returns. "One in four homes in the US is built in a factory and earnings are growing very rapidly as the housing market recovers," says Findlay. One disappointment, however, is Pulitzer Publishing, which has fallen 15 per cent in value since it was bought earlier this year. Findlay thinks it will recover.

There are 60-80 companies in the fund, but the term "smaller companies" is relative in the US since Findlay will choose stocks with a market value anywhere between $100m-1bn. The average initial market capitalisation of his companies is $400m.

The US market offers around 1,500 stocks from which to choose and Findlay says he relies on industry contacts rather than brokers to find the ones he wants. He tries to make use of market inefficiencies in his search.

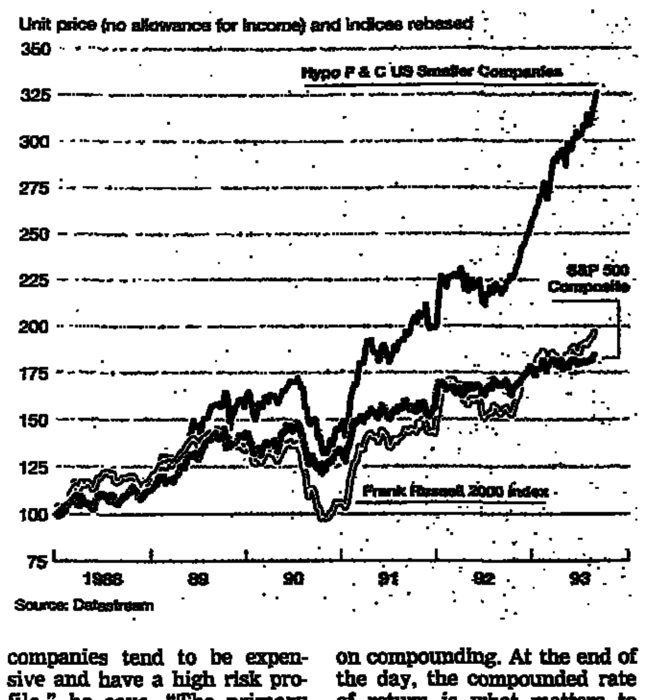
What of the currency risk? Findlay admits he has not been active at hedging the fund, which did not seem necessary when the dollar was cheap in 1987. "We have got a better system now so that, if the dollar is over-valued, we will think of hedging."

Although this is a smaller companies' fund, Findlay's aim is to beat both the Russell 2000 index, which tracks the performance of smaller companies, and the S&P 500, which follows the performance of the largest stocks. This requires tight discipline, and Findlay says he sometimes has to force himself to sell a stock he likes once he thinks it is over-valued. But he stresses: "The performance of this fund has come by controlling risk, even in a terrible market like 1990."

■ Charges. The fund has a 5 per cent initial levy and a 1.5 per cent annual. The present bid/offer spread is about 6.5 per cent. Because the fund has more than 50 per cent of its assets outside the EC, it qualifies for a Pep allowance of only £1,500 instead of the full £6,000. Hypo F&C does not have a specific Pep attached to it.

Hypo F & C US Smaller Companies Trust

Unit price (no allowance for income) and indices rebased



Source: Datastream

Too many nasty surprises

Harry Hopkins wonders why investors increasingly have been getting the sort of news they didn't want

EVERY sensible person, venturing into the stock market, must expect the odd nasty surprise. But not, surely, so many and so often out of the blue. Consider these examples:

■ Hartstone, an up and coming hosiery group, crashed from 277p in February to 30p in April despite having been tipped widely to rise to higher things.

■ Trafalgar House shareholders were "surprised" in January when profits announced as £122m for 1991 turned out to be a £38m loss, after a change in accounting policies.

■ Bimec Industries, riding on a green "environmental" tide at 75p in February 1991, had plummeted to 6½p and been forced to seek the attentions of a company doctor by August of that year. The dividend was cancelled suddenly.

This week, the group wrote off £5m of debt in a restructuring, announced it had negative shareholders' funds – and said it would be suing its auditor, Grant Thornton.

■ Queen's Moat Houses, Britain's second-largest hotelier, halted a long course of price fluctuations and rumours by suspending its shares on March 31 at 47p (they were 92p just 10 months earlier) in order to "clarify the company's financial position." Now, shareholders must wait until autumn to see what, if anything, is left for them.

There must be few investors who cannot quickly add to the above list. Yet, these are not fly-by night gambling counters. Queen's Moat Houses was advancing boldly across Europe with a chain of business hotels while Hartstone, with the well-founded aim of knitting together a fragmented hoisery industry, had already achieved second place in Europe.

Far from seeking to conceal information, Harstone's ex-chairman, Stephen Barker, following the suggestions of the Cadbury report, invited shareholders not attending the annual general meeting to send in questions with their proxy papers to be read out, answered at the meeting and then circulated so as to keep everyone in touch.

It is the confusion that follows the nasty surprise and the disruption of perspective that, for the investor, as for the workers, must be the traumatic feature.

Nasty surprises should regularly be subjected to post-mortems from impartial qualified bodies to determine what went wrong and where the fault lay, and the reports should be made accessible. Such examinations should not leave out the roles of brokers, public relations firms and the press.

How far do brokers – and company brokers, in particular, which must experience divided loyalties – play a Pied Piper role in the progress to the cliff?

Is everything possible done to make potential investors aware of the risks, even if they have managed to remember the widely-disseminated admonition that "shares can go down as well as up"?

A year or so before Hartstone's nasty surprise, a side table at the company's 1992 AGM featured a batch of research reports that were comprehensive, thorough and lucid. One, from BZW, ran to 41 single-spaced pages with many tables and charts. It was headlined: "Latest acquisitions give 'brand' new opportunity."

A second, from Morgan Stanley, had nine pages. It was headed: "Hartstone: one and one make more than two," and contained a buy recommendation.

A third report, from Warburg Securities and dated June 25 1992, also said "buy." But its mere two pages did contain a distinct 5-inch paragraph headed: "Risk areas."

This opened: "History provides many examples of unexpected setbacks among highly acquisitive small companies. Many of these had previously enjoyed the freedom to employ some highly creative accounting. Management capacity has undoubtedly been stretched ... As we write, there is an excess hosiery market capacity of some 15 per cent so a price war remains a distant possibility ..."

With hindsight, such a succinct caution might have given one pause. For so many of these nasty surprises seem to derive from the same factor: over-rapid acquisition programmes in times of recession, leaving no leeway for unscheduled developments such as demand falling off suddenly and stocks building in Europe. Or from developments in accountancy's vast hall of mirrors.

Perhaps, in the interest of cutting down nasty surprises, even brokers' recommendations should have to carry a risk warning, stated unequivocally in a prominent box. This would at least be an improvement on that patronising slogan "shares can go down as well as up."

International bond funds

THE TABLE shows the 10 highest-performing international bond funds in the year to August 1. The average growth rate was 26 per cent and the top six funds managed returns of at least 30 per cent, according to figures from *Micropal*.

Philip Saunders, manager of Guinness Flight's Global High Income bond trust, said the "bumper capital gains" had been achieved mainly because of the fall in the value of sterling once it left the exchange rate mechanism last September.

"Currency returns can account for more than 50 per cent of returns in international bond funds. Sterling investors have been protected from the devaluation, which is part of the reason for holding an internationally-based portfolio," he added.

Caroline Hay, manager of Newton's international bond fund, also said the gains arose from an investment strategy which recognised that interest rates in Europe would fall and the ERM was unsustainable.

Her fund has benefited from the strength of the yen relative to the dollar since increasing its yen holding at the beginning of the year; the fund has now switched to being overweight in dollars.

Both funds attribute their relatively high yields to investing in the high-yielding Italian and Spanish bond markets, but the Guinness Flight fund aims for income while Newton goes for total return. Neither manager expects the same level of capital returns over the next year.

But both say there are further gains to be made and bond funds will continue to offer a higher fixed rate of income than cash.

Whittingdale's fund is dollar-denominated and invests only in short-dated US government bonds.

Its performance in sterling terms is determined by that of the dollar; for sterling investors, this has meant capital gains as sterling has weakened against the dollar in the past year.

Minimum investment is $2,000, with an initial charge of 1.25 per cent and an annual charge of 1 per cent.

The initial charges for the Guinness Flight fund are on a sliding scale depending on the level of investment. The minimum for this is £1,000 and the highest charge of 3.5 per cent is for investments up to £9,999.

The lowest charge – of 1 per cent – is on £50,000 and above. The annual fee is 0.75 per cent.

Newton's international bond fund has a 2 percentage point discount off its 6 per cent initial charge and has waived its 1.25 per cent annual management fee, both for an unspecified period. The minimum investment is £1,000.

Scheherazade Daneshkhu

10 highest performing international bond funds

Fund	Size (£m)	Yield (%)	Perf*
Guinness Fl Gbl High	12.1	7.4	32.0
Whittingdale US Shrt	4.6	0	31.2
Newton Intl Bond	2.7	6.8	31.8
Perpetual Global Bond	78.8	6.4	31.8
CU PPT Global Bond	7.0	5.4	31.7
S&P Intl Bond	24.2	5.2	30.2
Norwich Intl Bond	30.0	5.3	29.8
Legal & Gen Intl Bond	1.3	4.6	29.7
Invesco Intl Bond	4.1	5.5	28.7
Cannon Intl Currency	28.7	5.0	27.4
Sector average	32.8	5.4	26.2

Source: Micropal # As of August 1* Offer-to-bid with net income reinvested over year to August 1. Funds without one year record are excluded.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Birmingham Midshires BS	First Class	0902 302090	Postal	£500	6.75%	Yly
				£10,000	7.00%	Yly
Manchester BS	Money by Mail	061 839 5545	Postal	£25,000	7.25%C	Yly
				£50,000	7.50%C	Yly
NOTICE A/cs and BONDS						
Greenwich BS	Capital Shares	081 858 8212	30 Day	£10,000	7.10%	Yly
Scarborough BS	Scarb'gh Ninety 3	0723 368155	90 Day	£25,000	7.65%	Yly
Universal BS	High Income Bond	091 232 0973	1 Year	£50,000	8.35%A	Yly
Chelsea BS	Base Rate Plus	0800 272505	2.1.95	£5,000	8.00%B	Yly
MONTHLY INTEREST						
Britannia BS	Capital Trust	0538 399115	Postal	£5,000	6.45%	Mly
Bristol & West BS	Balmoral Monthly	0800 100117	30 day	£25,000	7.55%	Mly
Bristol & West BS	Limited EditionBd	0800 486487	31.1.95	£25,000	7.81%	Mly
Chelsea BS	Base Rate Plus	0800 272505	2.1.95	£5,000	7.73%B	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£25	8.05%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	8.00%	Yly
National Counties BS		0372 739702	5 Year	£3,000	7.90%	Yly
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	5.85%	Yly
				£25,000	6.85%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	6.93%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Confederation Bank Jersey	Flexible Investmt	0534 608060	60 Day	£10,000	8.75%	½Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£50,000	7.80%	Yly
Yorkshire Guernsey Ltd	Key Term	0481 710150	31.8.94	£5,000	6.70%E	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	4.65%	Yly
Consolidated Life FN		081 940 8343	2 Year	£2,000	5.25%	Yly
Consolidated Life FN		081 940 8343	3 Year	£2,000	5.65%	Yly
Consolidated Life FN		081 940 8343	4 Year	£2,000	6.10%	Yly
Consolidated Life FN		081 940 8343	5 Year	£2,000	6.25%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%G	Yly
	Income Bonds		3 Month	£2,000	7.00%H	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%F	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. A = Rate guaranteed until 1.11.93. B = Rate guaranteed to be at least 2% above base rate (Min 8%) until 2.1.94 and then 1% above base until maturity. C = 0.75% bonus if no withdrawals pa. E = Rate guaranteed until 1.12.93. G = 6.5 per cent on balances of £25,000 and over. H = 7.25 per cent for balances of £25,000 and over.Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD.
Readers can obtain a complimentary copy by phoning 0692 500677.

New funds look East

THE GROWING investment fashion for emerging markets was illustrated this week by the announcement of two new funds in the area.

Emerging markets are favoured because of their high economic growth and relatively undeveloped stock markets which, enthusiasts believe, offer greater opportunities for profit.

Foreign & Colonial's new emerging markets subsidiary has launched an offshore, open-ended fund which will invest in India. Meanwhile, Robert Fleming is planning to launch a Chinese investment trust.

The F&C fund will be based in Luxembourg and will aim to invest in medium-sized growth companies. F&C says that economic growth in India is predicted to reach 7-8 per cent by the middle of the decade.

It adds: "Low-cost, medium-sized companies are likely to find it easier to adjust to the changing policy framework and many have already begun to experience more rapid growth than their blue-chip counterparts."

IndSec Securities & Finance Ltd, an Indian fund management group, will act as adviser to the fund. The launch price will be $10 a share and the minimum investment will be $10,000.

As well as its Luxembourg base, the fund will invest via a wholly-owned Mauritius subsidiary. F&C says the structure will reduce Indian capital gains tax to zero and dividend income tax to 15 per cent.

Fleming's Chinese investment trust will use the Hong Kong-based Jardine Fleming as investment adviser and S.G. Warburg as the stockbroker.

Jardine Fleming is estimating that Chinese economic growth will be 12 per cent in 1993 and 8 per cent in 1994. The trust is expected to be launched at the end of September.

Potential investors should realise that single-country emerging market funds are likely to be highly volatile because the stock markets involved are so illiquid. A more widely-spread emerging markets fund is likely to be a much safer bet for the small, or first-time, investor.

Philip Coggan

When the taxman pays

***David Cohen** explains the benefits of PRP, a salary scheme designed to leave employees with extra income*

IT MIGHT have gone unnoticed by the voters at Christchurch but the government has introduced at least one popular tax measure. More than 1m employees now get tax relief on profit-related pay (PRP) and the numbers look set to grow rapidly.

PRP is pay which varies with changes in the profits of the business at which the employee works. If paid under a scheme registered with the Inland Revenue, it is tax-free within certain limits.

The tax privileges associated with PRP were introduced in 1987, and the tax-free limits were increased in 1991. For employees getting up to £20,000 a year, the limit is 20 per cent, while higher earners now have a ceiling of £4,000. That translates into a maximum tax saving of £1,600 for a 40 per cent taxpayer, and £1,000 for a basic rate-payer.

The allure of these tax hand-outs has been behind a spectacular increase in the number of companies registering PRP schemes - from 2,049 in December 1991 to 4,904 in June 1993. Over the same period, the number of employees involved has also more than doubled, from 581,000 to 1,179,700.

Apart from the rise in the limits, the key factor spurring companies to join the PRP bandwagon has been realising that introducing a scheme need not cause an increase in overheads. Instead of being given PRP in addition to basic salary, employees can be invited to exchange part of their salary for PRP. A properly structured "salary sacrifice" arrangement should leave both employer and employee better off – with the bill being picked up by the taxman.

Suppose, for example, that a company offered 10 per cent PRP in return for an equivalent pay cut. A worker on £10,000 would switch to £9,000 basic and £1,000 PRP. Paying no tax on the latter would mean that although his gross salary was unchanged, he would be £250 better off in terms of take-home pay.

This type of salary swap is often being used instead of a salary increase; it costs the company nothing and gives the employees their rise. Alternatively, if the company wants to be more generous, it can give a partial increase plus PRP. Employees will then be even better off and the package will still have cost less than a full increase with no PRP.

However attractive the theory, a salary sacrifice scheme can be implemented only with the consent of the relevant employees. And unless 80 per cent of those eligible to take part – all full-timers with a qualifying period of up to three years' service – agree, the scheme cannot proceed.

How should employees react to such an offer? Does it have any risks? Obviously, that will depend on precisely what is offered. A key – if obvious – point to remember is that the amount of PRP cannot be guaranteed in advance; it all depends on profitability.

To allay employee concerns on this score, most companies pay out the bulk of PRP on account during the actual profit period. When the actual profits are computed, employees then get any balance owed.

If, on the other hand, it transpires that profits are lower than expected and employees have, therefore, been overpaid, most schemes provide that the company waives its right to be repaid. This is crucial because it puts a guaranteed floor under the PRP.

Take again the example of a worker earning £10,000 and sacrificing 10 per cent of his salary for 10 per cent PRP. Assume that 80 per cent of anticipated PRP is included in his monthly pay packet.

Over the year, that will give him £800 of extra tax-free income. To get it, he has had to sacrifice £1,000 of taxable income which would have been worth only £750 net. So, with the promise that the monthly PRP is his for keeps, the employee can be certain that he will be at least £50 better off even if the company's profits fall below expectations.

Most employees who get this degree of re-assurance will, no doubt, be prepared to sign on the dotted line. Before doing so, they ought at least to bear in mind that the reduction in their basic salary could have some negative consequences.

In particular, if they belong to a company pension scheme, their entitlement might depend on their basic pay, with additional sums – such as PRP – being excluded from the reckoning. Similarly, if they apply for a mortgage, the offer from the lender is likely to be based on a multiple of salary with no account being taken of PRP.

These minor quibbles apart, a well-structured PRP scheme is a must for any company wanting to use taxpayers' money to reward its staff and an opportunity which employees should seize with both hands.

■ *David Cohen is a partner in the City law firm of Paisner & Co.*

VAT on flat

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

I AM ABOUT to have some essential repairs done to a flat I own in London, which I occupy occasionally. The managing agents will be responsible for supervising the work and have billed me for their services, including £254.64 valued-added tax.

As a foreigner and non-resident of the UK, am I not entitled to exemption for this VAT charge? My bankers, stockbrokers and other professional advisers who I employ from time to time exclude VAT in their invoices to me.

If the agents are correct, would I be entitled to a refund similar to those on goods I buy when in the UK and export personally when departing. If so, where should I submit any claim for the rebate?

You are not exempt from VAT on charges relating to your UK property although other services, including those of stockbrokers, *are* zero rated to non-residents.

You can obtain a refund of VAT on goods exported by you. The retailer will give a form to complete which explains the rules. The detailed rules are set out in Customs & Excise notice 704.

Reclaiming tax credits

I HAVE BOUGHT BT3 shares for my son, who is six months old. To whom should I write and what is the procedure for claiming back tax credits attached to the dividends?

Second, I have a brother who works and lives in Canada. He holds various UK shares, with his address registered in the UK (ie, my address). Can he claim back tax credits attached to dividends, and what is/are the procedures?

■ Provided that your son's income (inclusive of tax credits) from gifts from your wife and yourself does not exceed £100 in 1993-94, you should ask your local tax office for a form on which you and your wife can claim payment of the tax credits on his behalf next April. If possible, tell the local tax office the names and reference numbers of the tax offices which deal with your own and your wife's returns.

If your son's income derived (directly or indirectly) from funds provided by your wife and yourself exceeds £100 in 1993-94, no tax credits will be paid to you on his behalf; his dividends will be treated as your own (or your wife's, as the case may be) under section 663 of the Income and Corporation Taxes Act 1988.

On the second point, we take it your brother is a Commonwealth citizen. That being so, he is entitled to a full personal allowance against his UK income for 1990-91 onwards. If his UK dividends (inclusive of tax credits) exceed his personal allowance, he will be entitled to payment of a quarter of the 20 per cent tax credit on his dividends for the present tax year in excess of his personal allowance, by virtue of article 10(3) of the double taxation convention between Canada and the UK.

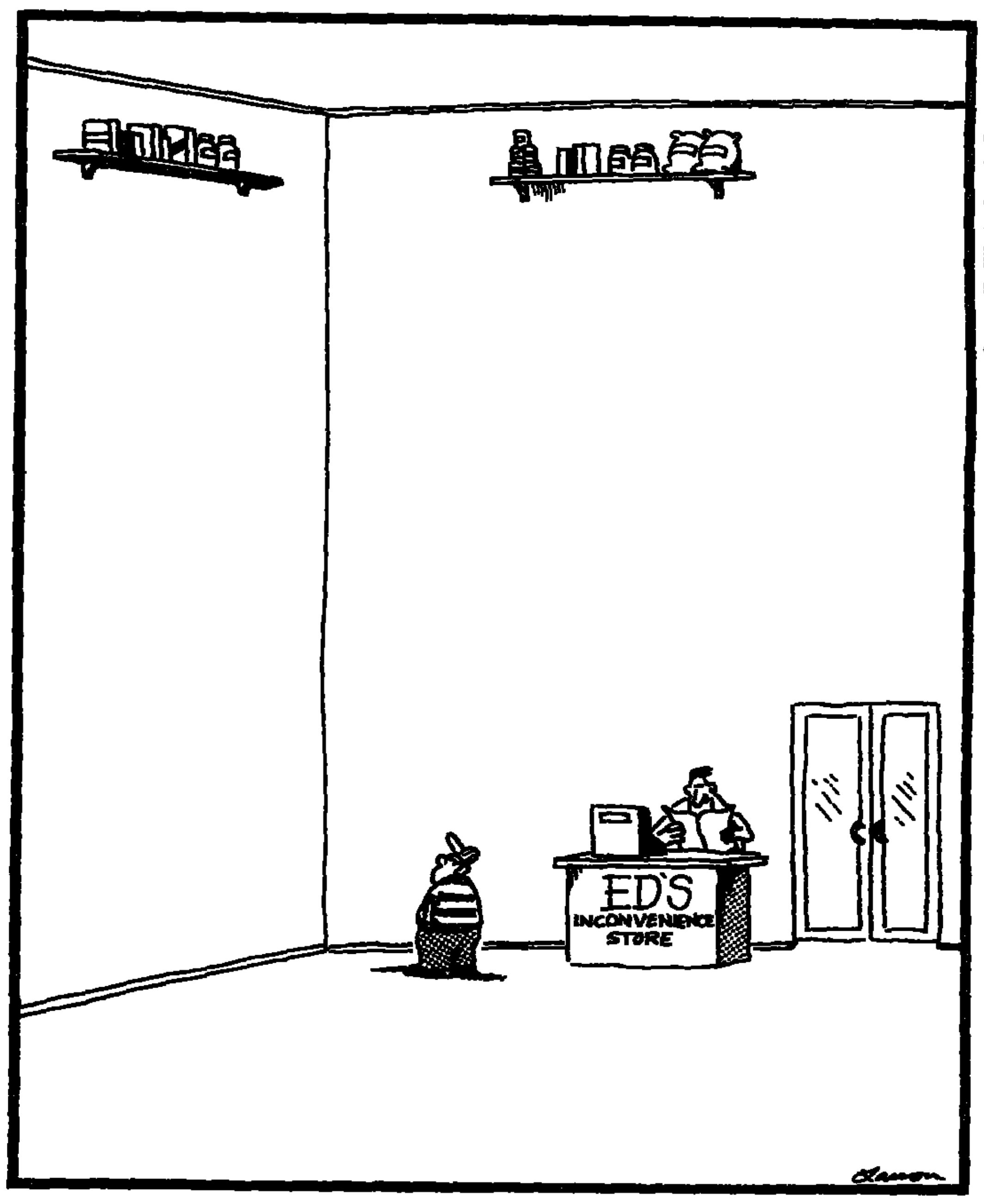
For 1990-91 to 1992-93, the corresponding payment will be two-fifths of the 25 per cent tax credit; in each case, the effective residual rate of UK tax is 15 per cent, and this is eligible for credit against his Canadian tax liability by virtue of article 21(1)(a) of the convention.

He should write for claim forms (one for each tax year) to the Inland Revenue, Claims Branch (International), St John's House, Merton Road, Bootle, Merseyside, L69 9BB, giving his nationality and details of any periods spent in the UK in the past six years.

Inspector is right

I HAD EXCESS capital gains in 1992/93 and, in completing my tax return, I sought to use losses carried forward from 1977. These amounted to £1,185 and I suggested to the inspector that the sum should be increased by the indexation allowance from March 1982 of 1.753, giving a March 1993 loss figure of £2,078. He says the 1977 loss cannot be increased by the indexation allowance and that only the figure of £1,185 is available to offset gains. Is he right

■ Yes.



FOOD AND DRINK

There is life after Bull's Blood

Jancis Robinson considers the politics of Hungarian viticulture

IN EVERY large tasting of a supermarket or off-licence's wine range this year, I have been surprised by the value offered by Hungarian wines in the heavily populated £2.50 to £3.50 per bottle bracket. And, once the country's privatisation ferment has settled, we should see an even more interesting range of fiery whites and clean, fruity reds.

The pioneer, as usual, was Bordeaux-based, Australian-trained Hugh Ryman, whose response to the frost damage to France's 1991 crop was to install himself in a well-equipped but under-utilised winery in Gyöngyös, east of Budapest, and vinify lorryloads of bargain Sauvignon and Chardonnay grapes.

Gyöngyös Estate wines, £3.35 from Sainsbury's and £3.39 from Thresher, are still at the cutting edge of Hungary's white wine output – although its 1992 Semillon has been commercially hampered by the fact that the Hungarians forgot to register Semillon as an approved Hungarian variety in Brussels.

Two colourful rival importers are at the heart of extracting wines to suit British palates from Hungary's excitingly varied but under-achieving vineyards. Both of them laugh much more than seems appropriate in view of the confused state of Hungarian wine production, which has suffered from a lack of motivation and is now suffering from the disappearance of its old Comecon markets.

About half of all Hungarian wine exports to Britain are imported by Eva Keresztury and her associates, who include Ryman. "I'm a strange creature," admits this jolly Hungarian. "I came to England as decoration when my husband came to work in the City for one of those strange foreign trading organisations."

Drawn in to the Hungarian wine business by the need for translators, she now runs Interconsult, a strange foreign trading organisation of her own, from her dining room in Barnes, south west London, and shepherds inceasing numbers of professional wine buyers around wineries and vineyards in the throes of privatisation.

"One of the most pleasurable trips of my life was soon after I started in 1991 when I took the two Safeway buyers around the wineries. What a revelation! The winemakers blushed and had tears in their eyes when they made blends that pleased them. We worked 18 hours a day and never seemed to sleep."

Her determination to sort the wheat from the chaff, and make the most of some very exciting fruit, which can yield "brilliant" wine only if handled properly, has led her on one occasion to buy and install her own bottling line. She is now directing a team of antipodean and local winemakers in various temporary locations. It all sounds suitably Romany.

Hemant Kotecha, of Manchester, is her main competitor in exposing the best of Hungary to western palates. A Ugandan Asian, he took a master's degree in crop control at Reading before immersing himself in business. He went to Hungary in 1989 looking for general commercial opportunities, and wine was one of the commodities offered.

He too started up his company, Myliko, in 1991 and applied antipodean technology to a well-equipped Balaton winery, in this case to produce the Chapel Hill range of white international varietals at £2.99. The Chardonnay, at Sainsbury's, is a snip; the Rhine Riesling, at Victoria Wine, is racily fruity (although not dry); only the overripe Sauvignon disappoints.

Safeway, particularly open to suggestion from the east, has the most genuinely interesting selection of Hungarian wines, which reflects its genuine interest in what distinguishes the country and its very different wine regions.

Oddbins has the fine Volcanic Hills range. Its moody label was designed for Eva's company by a 19-year-old who has never left Hungary. The eerily Alsace-like Pinot Gris 1992 at £3.49 is my favourite, and I can reluctantly understand why they did not use the grape's Hungarian name, Szürkebarat.

Some of the crispest, liveliest red wines selling anywhere at £2.99 are Eva's Villanyi Hills Cabernet Sauvignon and, even fruitier, Merlot; stocked by Thresher, Bottoms Up and Wine Rack – and miles better than these shops' Hungarian whites at the same price. The Tuscan firm, Antinori, has invested in the Bátaapáti estate in the country's south west and the lively red Kekfrankos and spicy white Zöldveltelini are available at about £4.50 from Great Northern Wines of Leeds.

Other more expensive wines are, inevitably, in the trans-Danubian pipeline, although I have yet to be thrilled by them. It is heartening to note, however, that both major importers are planning to introduce some of Hungary's rich gene bank of indigenous vine varieties. Look out for 1993 Harslevelu.

And what of Hungary's most famous wine, the legendary rich, deliberately sherrified golden Tokay? Do not ask. A bevy of international wine companies is trying to establish a firm foothold in this historic region, but they are being comprehensively hamstrung by local landowners and state officials.

Common Markets

Romanians count the cost of luxury

Giles MacDonogh tries to find something worth buying in Bucharest

BUCHAREST is a city replete with the usual eastern European contrasts: the luxury hotel – well, by Romanian standards it counts as a luxury hotel – where a largely foreign clientele pays what it considers to be rock bottom prices for food and drink; and, across the way, the little street market where pitifully small quantities of food change hands for what locals consider to be intolerably inflated sums.

The hotel is called the Bucharești. The market is on the other side of the Calea Victoriei behind one of Bucharest's loveliest small Greek orthodox churches. It is called the Piata Amzei. A market will generally give you a good idea of the local diet; but you will get only a limited impression of what an inhabitant of Bucharest eats from the Piata Amzei, for it sells only fruit, vegetables, flowers and cheese.

I was there in the spring when the only fruits to be seen were a few bruised apples and pears. The vegetables were more interesting. They were arranged in little lots on newspapers: posies of spring garlic which Romanians chew with their soup as if they were spring onions; and an early spring speciality, a reddish-blue leaf which is used to make a meatless Lenten soup called *ciorba de loboda*.

Muddy parsnips were set beside little heaps of chicory. In a far corner of the market a salesman was doing brisk business selling excellent acacia and "poliflori" honeys at 1000 lei and 800 lei a jar.

When a lorry turned up loaded with fresh eggs the driver was virtually mobbed by old women in headscarves. Eggs were clearly a rarity.

Sean Sprague, Panos Pictures

A woman displays a few peppers at a Bucharest market: pitifully small quantities of food change hands

Not so cheese. This was sold from a covered building by dour men wearing white aprons and trilby hats. The best is a hard ewes' milk cheese called *brinza*. Some wheels are sold smoked.

A soft, fetta-style ewes' milk cheese was also available as was a cows' milk curd called *telemea*. In some places you may buy a whey cheese called *urda*, but I could not find it here.

As I walked back to the Calea Victoriei, a drink shop caught my eye. There was a whisky for sale called "Big Boss" which purported to come from "the Highlands". Later I discovered that it came from the highlands of the Lebanon. Dodgy as it was, it cost 2,600 lei (about £2.50), which is a lot for a Romanian.

Seventy per cent of this is taken by the government in tax. Whisky is chic, but the local spirit drunk in the country is *tzuica*, a plum schnapps similar to slivovitz. It can be coarse stuff.

I personally preferred the version made from quinces in Transylvania which is tempered for a year in Mulberry wood casks and sold at a more modest price.

Meat is the most important part of the Romanian diet. The *gustare*, or first course, of a typical meal is all meat. In spring you might get *drob*, a cake of lamb tripe which was translated for me as "mixed organs".

It was liberally sprinkled with pepper and bound with an egg. Another Wallachian delicacy is *babic*: a mutton sausage made in horseshoe lengths and flattened under stones. It is hard on the teeth. Romania's national soup is *ciorba de burta*. This, I was told, was what used to sustain the Christian janissaries, elite troops, in the Ottoman army.

It translates as "sour stomach soup" and is made from tripe. It can be an alarming sight if you are unused to tripe. You blend the soup to your own liking by adding garlic sauce, vinegar or cream and eat it with green chillies and spring garlic. Another popular soup is a purée of stinging nettles.

After the excitement of the first two courses, the main course might come as a disappointment: *sarmale* are similar to Greek dolmas, with vine leaves often replaced by cabbage leaves.

The basic blend can change from region to region but basically it is meat and rice. *Sarmale* are eaten with *mamaliga*, polenta made into a cake the size of Christmas pudding and cut with a string. Little meat balls are also popular. These are also eaten with ferociously hot chillies.

Sadly, to eat such authentic Romanian dishes you may need to be asked into someone's home or entertained on a farm. The face of Romania which is reserved for foreign tourists is rather different.

In the restaurant Velvet, on the other side of the Hotel Bucharești, you will have difficulty finding any Romanian dishes whatsoever; the food is all western. There is no cheese and no Romanian spirits. The vodka is neither Russian nor Polish, but comes from Finland; and for the privilege of feeling you might be just about anywhere, you will pay the equivalent of a Romanian citizen's monthly salary.

Appetisers

JUST IN time for the chutney-making and pickling season comes *Harvest Times*, a guide to some of the best farm shops and pick-your-own sites countrywide. Sources of plums and runner beans abound, but the guide also tells where to buy rarer treats such as home-produced rowanberry jelly, rocket, and Pink Fir Apple potatoes – all near Dunbar in Scotland; globe artichokes in Surrey; home-cured bacon in Herefordshire; pumpkins and squash near Wolverhampton; manure near Bristol, and bee-keeping equipment in Wales.

The guide is free if you send a 10in x 7in sae, and readers are requested to write in naming good farm shops and PYOs with a view to their inclusion in the next issue. Harvest Times is at 22 Long Acre, London WC2E 9LY.

■ If you are interested in olive oil you will not want to miss a seminar on the subject on Wednesday, September 29, at the Accademia Italiana in west London.

Conducted by oil merchant Charles Carey and chef/cook school proprietor Carla Tomasi, the day will cover the history of the olive, production areas, the making of oils, tastings and lunch. Tickets cost £100 apiece – a price tag that reflects olive oil's status leap from kitchen basic to cult ingredient. Inquiries to: Turnaround Cooks, 73 Clere Court, Judd Street, London WC1H 9QW. Tel: 071-278-2830.

Philippa Davenport

LEGAL NOTICES

THE INSOLVENCY ACT 1986
RIVERBUS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a meeting of creditors will be held at The Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7HY, on Thursday, 2 September 1993 at 2.30 pm for the purposes mentioned in Section 99 and 100 of the said Act.

Creditors wishing to vote at the meeting must lodge a proxy, together with a statement of their debt, at the offices of Robson Rhodes, 186 City Road, London EC1V 2NU not later than 1200 hours noon on Wednesday, 1 September 1993

A list of the names and addresses of the company's creditors will be available for inspection, free of charge, at the offices of Robson Rhodes, 186 City Road, London EC1V 2NU on Tuesday, 31 August 1993 and Wednesday, 1 September 1993 between the hours of 1000 and 1600.

Dated this 24 day of August 1993
W. J. Edgerly
Director

MINDING YOUR OWN BUSINESS

Hobby horses for learners

Polo is a difficult game to master. Keith Wheatley visits a business which teaches beginners to handle a mallet

Lydia van der Meer

Well-schooled: Anthea Hartley, with instructor Simon Hill and Toby Hartley in the background

POLO IS NOT an easy sport to get started in. The game itself is so exciting that any spectator would be tempted to climb up on a pony, swinging a stick with HRH and the best of them. Deep pockets are an initial requirement. A basic *equipe* of two ponies, trailer, clothing and membership of a UK club would probably cost around £10,000.

Even if the cash is available for a debut – and plenty of complete beginners buy expensive boats to go yacht racing in – there is the ghastly ordeal of being a highly visible novice in a team of only four. As the summer polo season reaches its height there would quite possibly be a sizeable crowd on the touchline, their passing interest in polo fuelled by Jilly Cooper's "jodhpur-ripping" best-sellers.

"I have an occasional nightmare of being on stage in an orchestra, in front of a large audience, with a violin in my hands which I can't play. That must approximate to a first game of polo at a member's club," laughed Anthea Hartley of the Chiltern Polo Centre, based at her home, Lower Bassibones Farm, near Great Missenden 30 miles north-west of London.

Last year she began to turn the family hobby (four Hartley children aged 12 to 19 all play Pony Club polo) into a business. Her concept was to use the barns, stables and 65 acres of pasture at the farm to open polo's equivalent of the golf driving range.

"Beginners and people who can't afford the grand end of polo give us our market," said Anthea. Three evenings a week in the summer there are group classes where anything up to 15 people pay £40 for two hours instruction, including the use of a pony.

Polo has to be safety-conscious. The possibilities for calamity with horses colliding at 30 mph is very real. So one of the earliest classes is a rules session on a green table-top – complete with plastic ponies – marked out as a polo field.

In a barn that also doubles as a dormitory during residential courses for younger players, a mixed group of pupils ranging from a local builder to a Peat Marwick accountant, pore over the display and discuss tactics with New Zealand instructor and professional player Simon Hill.

But even at a first lesson our tyro player gets to mount up and a play a chukka, one of the seven-minute spells of intense action which make up a match. In the gossip columns it may be the Princess of Wales waiting behind the goal line; chez Hartley it is more likely to be son Toby, 17, patrolling with a hockey stick to stop the ball being lost in a nettle bank.

While after-work tuition on Mondays, Wednesdays and Fridays is the backbone of the business, Chiltern Polo Centre has its bespoke side. One northern businessman, challenged to play by a colleague but without any previous experience, recently booked three days of one-to-one tuition. A team from the Quorn, challenged to polo by another hunt, took a crash course.

Other healthy sources of revenue are affluent Nigerians and Ghanains sent to England by indulgent fathers and anxious to learn polo for the social status it confers in west Africa.

"Word of mouth is important but we advertise every week in *Horse & Hound* [the weekly magazine that is a bible in equestrian circles] and that is our primary source of new clients," said Hartley, adding that she spends just under £3,000 a year with the magazine.

Referrals from polo clubs themselves are increasing. "I doubt the really grand clubs even know we exist but the others are beginning to send one or two beginners to us," she said.

Instructors are paid on a freelance basis but the yard has two full-time staff during the season. They undertake a small amount of livery and schooling for more experienced players looking for a place to keep polo ponies.

Using these, plus her children's mounts, gives Anthea Hartley the ability to maintain the large number of ponies a school requires at relatively low capital cost.

An additional bonus is that as the polo bug bites deeper into its victim, a pupil often becomes a pony-owner with an animal to be kept at livery, creating more revenue for the centre. These people are far from plutocrats. One regular arrives on summer evenings with his polo sticks (£55 each) strapped to his motorcycle.

"My son played via the Pony Club and I got talked into having a go," said Malcolm Stirling, 39. "Now it's become a terrible obsession. I've bought a pony, and I have to come here for these weekly therapy sessions."

Robert Colin, a loss adjuster from Ealing, west London, booked a lesson on impulse last summer, after browsing through *Horse & Hound*. Now he admits, in the confessional tones of a compulsive gambler, that polo takes up all his spare time and money – around £300 in an average month.

"It's just all-consuming," says Colin, 35.

Geoff Hartley, Anthea's husband is a successful businessman and a committed non-equestrian. He does the books for the polo school and declares it to be "already breaking even, with the potential to be profitable."

From the family's point of view it enables them to enjoy a passionately loved – and very expensive – hobby at no direct cost.

"Polo and kids is a bit like school fees," said Hartley. "If you thought about what it was going to cost overall you'd never educate them at all."

■ *Chiltern Polo Centre, Lower Bassibones Farm, Lee Common, Great Missenden, Bucks. Tel: 0494-837798.*

Picked to be perfectly packed

*Forget those struggles with big suitcases. **Avril Groom** knows how to travel with the minimum fuss and luggage*

Breakfast time: Lycra swimsuit, £95, velour shorts, £75, and robe, £295, all from Amanda Wakeley, 071-584-4009 for orders. Sunglasses by Armani, £97.

Morning sun: Cotton jersey swimsuit by Huit, £29.95, pendant, £18.95, bangle, £10.95, all from Fenwick, New Bond Street, London, W1. Man's linen shirt, £25 from Marks and Spencer. Viscose shorts by Ghost, £99 from Whistles, Way In at Harrods, Knightsbridge, SW1, Warehouse of Glasgow and Limeys of Derby. Hat from a selection at Harvey Nichols, Knightsbridge, SW1. Sunglasses by Armani, £115.

Lunch date: Linen jacket, £49.95, bangle £12.95, both from Fenwick. Swimsuit by Amanda Wakeley as above. Viscose/acetate crepe trousers, £119 from Jaeger. Belt by Osprey, £45 from Liberty, Regent Street, W1 and Selfridges, Oxford Street, W1. Roll-up paper hat with scarf, £50 from Herald and Heart, St Philip's Street, SW8. Sunglasses by Valentino, £92.

Heat of the day: Silk dress, £293.75 to order from The Gallery of Antique Costumes and Textiles, Church Street, NW8. Shirt from Marks and Spencer as above. Silk scarf by Anne Toomey, £95 from Marion Foale, Hinde Street, W1. Linen hat, £50 from Margaret Howell, Beauchamp Place, SW3, Brook Street, W1 and Liberty. Bracelet, £9.95 from Fenwick.

Afternoon in town: Polyester georgette shirt, £119 from Jaeger. Cotton/Lycra body, £14.99 from Jeffrey Rogers of Guildford and at The Plaza, Oxford Street, W1 and Whiteleys, Bayswater, W2. Crushed silk skirt, £85 from Whistles. Straw hat, £49 from Fenwick. Suede drawstring bag by Osprey, £39 from Liberty and Selfridges. Sunglasses by Yves St Laurent, £105.

Evening out: Silk crepe top, £80, and sarong skirt, £170, both from a selection at Margaret Howell. Cotton knit, £115 in the sale at Marion Foale. Silk chiffon scarf by Morgan and Oates, £75 from Harrods. Wooden beads, £22.95 from Fenwick.

THE PERFECT holiday traveller is a magician. She arrives without fuss carrying one small suitcase from which she apparently pulls an endless stream of clothes so that she looks elegantly and appropriately dressed on every occasion. You do not believe she exists? Then read on and find out how anyone can turn themselves into her.

It may not all be done with mirrors but it *is* a matter of illusion. This paragon knows how to get a gallon of clothes into a pint-sized bag. The secret, of course, is interchangeability based on a narrow range of colours, giving the maximum number of permutations from a limited number of pieces.

The successful packer knows that the easiest colour combinations around which to work are neutrals because they all go with each other and you need only a few accessories to go with all of them. The black, white and cream combination chosen for the wardrobe on this page is ideal. She also knows that clothes pack more tightly and emerge less creased when rolled rather than folded, and that anything which will not fit into the largest acceptable aircraft cabin bag (55cm x 24cm x 31cm according to Louis Vuitton, which makes one) is not worth taking. This applies just as much to two as one week holidays; the laundry bills or, for the parsimonious, a few minutes' washing, are minor inconveniences compared with lugging a larger suitcase.

If a short-notice invitation to the south of France arrives just when she thinks her summer is over, the perfect holidaymaker will already know (as the *FT* photographic team discovered) that an easy way to get there is with Air UK from Stansted, which has a speedy check-in to help you go from central London to your hotel in the Nice area in about 3¼ hours.

She will also know exactly where to go to replenish her holiday wardrobe in the dog days of summer when many stores have already decreed that autumn has arrived. As efficient a shopper as she is a traveller, she will home in on Whistles, Jaeger, Ronit Zilkha, Dorothy Perkins, Jeffrey Rogers and The Hot Shop at Harrods and top House of Fraser stores, all of which are joining the trend for an extra "transition" collection of high-summer separates to fill in the awkward period between ever-earlier sales and serious autumn arrivals.

Some fabrics such as the textured viscose which Ghost use year-round, are non-seasonal, and smaller-scale designers who work to order, such as Amanda Wakeley, keep their summer styles going longer. If she has more notice, the traveller may order one of the pale silk dresses, pyjama-style trousers, waistcoats or loose shirts re-created from original 1920s patterns by the Gallery of Antique Costumes and Textiles. These take about two weeks to make and are available all year round, so the really organised are ordering now for their winter holidays.

The ideal holidaymaker's glory is that she is the perfect guest, with the appropriate outfit for whatever she is invited to do, although even she would probably not make so many changes in one day as we show here. Coupled with all the extra combinations that these pieces make, this wardrobe should supply enough fresh looks for a week's warm-climate holiday.

Each item can be used in several different ways. Both pairs of shorts go with each swimsuit and the striped body. The swimsuits themselves can also be used as bodies, while the velour robe, minus its belt, doubles as a grand evening coat.

The fitted linen shirt-jacket adds a touch of formality to the longline shorts, the silk dress or the crushed silk skirt, while the loose linen shirt gives these same pieces, or the black trousers, a more relaxed mood.

It is also useful as a beach cover-up, as is the printed georgette shirt which, worn loose with the trousers, makes an informal evening outfit. The silk skirt dresses down when worn plainly with a body or swimsuit but looks more evening-style with a scarf and the crêpe top, which also goes with the trousers. The crêpe skirt looks slim and sophisticated with a body while the cream knit looks good with everything, especially the silk dress, for cooler days.

Subtract from these clothes one non-crush outfit to travel in – perhaps the black trousers, the body and the knit – and add the jewellery we show, a roll-up hat, three pairs of shoes (deck-shoes, espadrilles and smart sandals), a nightdress and a modicum of lingerie and you should still have room in that hypothetical bag for an extra top and a sarong. The only piece of poetic licence is, perhaps, the robe. Carry it over your arm – it could be useful on the aircraft.

As you are also allowed a handbag, take advantage of a large, squashy style to hold your toilet bag, suncream, sunglasses, paperbacks, tickets, money, passport and embroidery or other anti-delay device.

And as you stroll calmly through the most crowded and frenetic of airport lounges, no-one will know that, as perfect travellers go, you are merely a novice.

All sunglasses from Harrods, Harvey Nichols and Fior, Brompton Road, London, SW1. For other stockists call 081-830-0066.
Make-up by Christian Dior.
Air UK flights from London Stansted to Nice, from £139 return in August, £119 in September.
Pictures by Tony Boase at the Hotel Bel-Air, Cap Ferrat, where, from early autumn, two nights including one dinner, breakfast and limousine airport transfer is £270 per person. High season double room rates from £237 per night. Tel: 010 (33) 93.76.50.50.

Secret of barbecue fires without smoke

*Charcoal is the key ingredient for cook-outs. **Peter Knight** seeks a good piece of charred wood*

PLAYING RAP music very loudly or encouraging Rover to yap all night might be efficient ways to annoy the neighbours, but there is nothing to beat smoking them out with a badly burning barbecue.

Clouds of acrid smoke supplemented by that evocative smell of vaporised fat from the chump chops is a sure-fire way of getting the occupants of No 20 in full retreat.

That this is a common occurrence has more to do with the quality of charcoal than the incompetence of the chef. Nearly all the 45,000 tonnes of charcoal imported into Britain each year is badly made and environmentally dodgy.

This is what the embryonic home-produced charcoal industry want us to believe and they are probably right.

The black lumps we buy to fuel our summer cook-outs come mostly from developing countries in Africa, South America and the far East. The charcoal is made in the traditional way, either in a pit dug in the ground or in a huge mobile metal oven. Both methods allow the wood to burn slowly until only the charred remains are left.

Good charcoal should be about 90 per cent carbon. At that level it will not smoke because there is little, if any, wood left. Much of the imported charcoal is not much better than blackened wood and that is why it smokes.

Furthermore, the chances are that the charred lumps were originally a tropical hardwood or part of a mangrove swamp. This is hardly the fuel for the environmentally conscious 1990s, especially when the exporting nations rely mainly on wood-based fuels for their needy populations.

Europe could make its own charcoal and in the process provide better management of its woods. This is specially true of the UK which has the raw materials, the know-how and the demand. In some rural areas you can buy local charcoal – made in the traditional way – but there is not enough supply to meet the demand from large retailers, such as petrol stations and DIY stores.

Christopher Irwin wants to change this. He is a Suffolk farmer, in the timber business and regional secretary for the Timber Growers Organisation, which represents owners of private woods in the UK.

"Charcoal is the offal of logging. It is badly and wastefully produced from virgin forests in west Africa, South America and the far East. We've got the resources and the market here – why can't we put the two together?"

Irwin says the market for second quality home-grown hardwood – which was once used for mining and paper making – has disappeared. Mines no longer use the wood and the paper mill in Kent which used to consume most of the county's coppiced wood, has been converted to use waste paper.

"We've got huge areas of neglected woodlands in the UK and nothing positive is being done about it," he says.

Irwin wants to harvest the woods – as they were since the middle ages – and use the cuttings to make high-quality charcoal in an environmentally sound way. There would be enough, he says, to supply the domestic market which is estimated to be growing at 5 per cent a year.

Plenty of people and organisations are enthusiastic. Farmers who own woods, which are now commercially worthless, like the idea. The Forestry Commission – the government agency in charge of the UK's state-owned woodlands – wants to see the woods pay their way. The World Wide Fund for Nature supports the idea too.

Irwin's problem is how to keep the costs down. The wood has to be cut and transported. The charcoal has to be made in high-tech ovens equipped with the latest pollution-control equipment and then it has to be bagged in sizes suitable for the supermarkets.

When Irwin does his sums he finds that his costs are marginally higher than the imported product, mainly because the imports exclude the environmental costs. Nevertheless he is confident that his idea could work and he is building a pilot plant to prove it.

He might get some help from the supermarkets and DIY stores which constantly assure us of their environmental credentials.

The UK's biggest DIY chain, B&Q, is the most environmentally aware. Alan Knight, its environmental co-ordinator, says the store is committed to stock only timber from sustainable sources by 1995 and charcoal falls into that category.

B&Q gets its charcoal from Portugal where it is made from saw-mill off-cuts.

He says B&Q will consider a UK-made product. "But just because it has a Union Jack on it does not mean that it will be stocked. It has to be well produced and competitive in price."

Irwin is disdainful of the UK attitude towards the quality of charcoal. "The Germans, for example, are very particular about their charcoal and they would never buy the sort of rubbish that the British buy."

The Germans have an official standard for charcoal and this helps shoppers choose good from bad. A similar standard should be available throughout the EC by the end of next year.

This should aid domestic producers if their quality is indeed superior to imports. A shift to better fuel will help some of the UK's depressed rural communities, produce better barbecues and certainly go some way to alleviate the discomfort of those poor smoked-out people at No 20.

Independent schools – FT 500

A premier league starts to emerge

John Authers considers the latest A-level results and finds an unmistakable trend

HEAD TEACHERS are always quick to assert that A-level league tables do not tell the whole story about a school's performance, and they are, of course, right.

However, the story they do tell is growing increasingly clear. For most independent schools, the *FT* now has data for the last six years. The tables on this page and the next show the rankings for each of 501 independent schools both for this year, and, where the figures are available, the average position for the previous five.

There is a marked and unmistakable trend at the top. Of this year's top ten, all bar two were in the top ten averages for the previous five years. The only newcomers were Withington Girls School in Manchester, ninth with a previous a average of 18th, and King's College School, London, which came tenth after a previous five-year average of 21st place.

The two to drop out of the top ten scarcely suffered serious falls from grace, with Haberdashers' Aske's, Borehamwood, now 12th, and Wycombe Abbey 16th.

Close though the margins between different schools' results can often be, the league tabling has revealed a hard core of consistent performers – a "Carling Premiership" of schools as one educationalist has put it.

A closer look at the schools which made it into the premier league does however cast some question over whether the exercise is measuring the quality of a school's tuition, or just its success in attracting able pupils.

The top ten this year include two internationally renowned and highly prestigious boys' boarding schools, Eton and Winchester, for both of which applications will always be high. The remaining eight are predominantly day schools, based in large conurbations, and therefore have a catchment area which enables them to select from a broad range of pupils.

Deciding between mixed and single-sex education involves more than academic criteria. But these results also seem to provide an academic argument for single-sex education – all bar one school in the top thirty are single-sex up to the age of 16, using the *FT's* definition of single-sex schools (see footnotes to our top thirty table). Leicester Grammar School is the highest-placed fully coeducational school at 29th, although Westminster has a mixed sixth form.

John Trevis, schools consultant with the Gabbitas, the London-based educational consultancy, further points out that the few boarding schools among the top academic performers are unusual in that they have special houses for scholars, where the ablest pupils can feed off each other.

This calls into question the concept of "value for money". Schools such as St Paul's in London, top of the tree this year, may have excellent results, but it may not necessarily follow that they offer better value for money. It could be argued that pupils bright enough to prosper at St Paul's would also shine anywhere else. Further, the standards required by the academic elite schools are so great that it could be argued that many parents should ignore them in any case.

Stephen Baldock, highmaster of St Paul's, admits that his school is working on "good material". However, he points out that this year's results included good grades for some of the boys who were not naturally among the most gifted.

Trevis suggests that parents with children who are lacking in academic self-confidence might deliberately avoid the top schools because the pace of lessons may be too much for them. Schools lower in the standings may be much better equipped to cater for their needs.

He points, for example, to Stanbridge Earls School, in Hampshire, which finished 501st. The school specialises in teaching dyslexics and children with other learning difficulties, and, according to Trevis, ranks as highly as St Paul's in the job it does for its pupils.

Another issue is the effect the league tables will themselves have on schools' performance. The government's motive in publishing them is to reveal under-achievement and give the schools a powerful incentive to improve standards. The 2.2 per cent overall improvement in pass rates by the independent schools surveys suggest that the tables may have had this effect.

The objection to the league table concept that individual positions are too strongly influenced by minor fluctuations in results seems unfair. Compare this year's score with the average for the previous five, and you will find a remarkable degree of consistency. While this is most evident at the top, significant deviations are still rare lower down.

A few significant jumps were recorded – for example Croydon High School came 32nd, compared with a five-year rank of 103, and Francis Holland school, in Clarence Gate, near Regent's Park, London, leapt to 50th following an average placing of 229. Further down in the tables, Cobham Hall School, near Gravesend, Kent, rose to 194th from a previous average of 409th.

Consistency in league tables has been helped by the rigorous approach taken by the FT's statisticians, using data supplied by the Independent Schools Information Service. These tables are based on total UCCA points, which include both A-levels, and the new AS-levels ("Advanced Supplementary") which were introduced to add breadth to sixth form curriculums, and are intended to be as difficult as A-levels, but with syllabuses only half the size.

By taking this approach, all grades achieved, not just As and Bs, are taken into account, giving a full picture of a school's academic strength. Schools which provide extra options such as AS levels will be credited.

General studies A-levels, offered by many schools as an extra option but often without any devoted tuition, has been derided by employers' organisations. It is usually ignored by university admissions tutors, and so it has been excluded from all the *FT's* calculations.

Schools with less than ten candidates in total have also been excluded, as these are likely to be highly specialist, while the grades achieved could lead to statistical distortions – as was shown by last year's government league tables for state schools which saw the tiny Scilly Isles in first place.

The *FT* has also aimed to avoid over-simplification by ranking schools using two separate scores – UCCA points per entry, and UCCA points per pupil.

The former gives the average grade in each exam taken, while the latter gives the total grades each pupil has on average accumulated.

Either could be argued to be preferable. The former can be manipulated by deliberately withdrawing pupils from A-levels where they do not seem likely to do well, while the latter rewards schools where pupils commonly take on more than the standard three subjects.

League tables compiled using the two measures would be different, as a glance down the columns headed UCCA points per entry and UCCA points per pupil show. Instead the two have been combined to give the ranking score.

As the bald ranking can unfairly accentuate what are often marginal differences between schools' results, the figure in the second column gives an "*FT* score" which shows by how much a school has varied from the norm. This is calculated so that an average school will score exactly 1.00. This was achieved by the schools ranked from 263 to 369, and is equivalent to roughly 18 UCCA points, or three Cs per pupil.

A more profound problem is whether A-level grades themselves are the true "gold standard" of educational excellence which many teachers and university admissions tutors assume.

Difficulties with university entrance this year, and wide discrepancies in the grades awarded by different A-level examining boards, have brought serious questioning of the A-level system for the first time.

In Scotland, most schools prefer to do the broader Scottish "Highers" rather than A-levels – which is why only two Scottish schools appear in the table.

Further education colleges in the state system have reported significant increases in demand for new "vocational A-levels", in which some exams will be replaced by work experience and coursework. In the independent sector, International Baccalaureate is also gaining in popularity.

Sevenoaks School, in Kent, has been in the forefront of introducing the IB, which forces pupils to do a broader range of subjects, and has wider international recognition.

Richard Barker, Sevenoaks' headmaster, believes that the IB allows greater diversity, and the abler pupils are encouraged to take it. IB candidates account for the majority of the school's Oxbridge entrants this year. The school's figures in the table have been derived using a complicated formula to convert IB results into an A-level UCCA points equivalent.

HOW TO READ THE TABLES

Rank: all schools are ranked on a single scale from 1-501

5-year rank: based on an average of each school's results for 1988, 1989, 1990, 1991 and 1992.

FT Score: 1.00 represents the average for all schools. Schools with a score of more than 1.00 achieved higher-than-average A level results; those with a score of less than 1.00 achieved lower-than-average results.

UCCA points: based on the UCCA system. For A-levels: grade A = 10 points; grade B = 8; grade C = 6; grade D = 4; grade E = 2.

For AS-levels: grade A = 5; grade B = 4; grade C = 3; grade D = 2; grade E = 1.

Rankings and scores are all based on an average of a school's UCCA points per entry and its UCCA points per pupil, which have been equally weighted. All details are provisional and subject to correction by the Independent Schools Advisory Service.

THE FT TOP THIRTY SCHOOLS

Rank	School	Town/County	5 yr rank	FT score	Passes/ pupil	Boys/ girls	Type
1	St. Paul's School	Barnes, Greater London	4	1.55	3.5	B	Dy
2	Winchester College	Winchester, Hampshire	2	1.55	3.5	B	Bd
3	Westminster School	Westminster, Greater London	3	1.52	3.5	Bg	Dy
4	North London Collegiate	Edgware, Greater London	9	1.52	3.3	G	Dy
5	King Edward's School	Birmingham, West Midlands	1	1.50	3.4	B	Dy
6	Eton College	Windsor, Berkshire	5	1.48	3.5	B	Bd
7	St. Paul's Girls' School	Hammersmith, Greater London	6	1.48	3.2	G	Dy
8	Manchester Grammar School	Manchester	8	1.46	3.1	B	Dy
9	Withington Girls School	Manchester	18	1.43	3.1	G	Dy
10	King's College School	Wimbledon, Greater London	21	1.43	3.4	B	Dy
11	Bradford Grammar School	Bradford, West Yorkshire	24	1.42	3.2	B	Dy
12	Haberdashers' Aske's School, The	Borehamwood, Hertfordshire	7	1.40	3.4	B	Dy
13	King Edward VI High School for G.	Birmingham, West Midlands	15	1.40	3.1	G	Dy
14	Guildford High School for Girls	Guildford, Surrey	76	1.40	3.1	G	Dy
15	Haberdashers' Aske's School for G.	Elstree, Hertfordshire	14	1.39	3.4	G	Dy
16	Wycombe Abbey School	High Wycombe, Buckinghamshire	10	1.39	3.2	G	Bd
17	Nottingham High School	Nottingham	42	1.38	3.1	B	Dy
18	South Hampstead High School	Hampstead, Greater London	31	1.38	3.3	G	Dy
19	St. Albans High Girls School	St. Albans, Hertfordshire	28	1.37	3.1	B	Dy
20	Godolphin & Latymer School, The	Hammersmith, Greater London	35	1.36	3.1	G	Dy
21	Tonbridge School	Tonbridge, Kent	11	1.36	3.3	B	Bd
22	Perse School, The	Cambridge	17	1.36	3.1	B	Dy
23	Portsmouth High School	Southsea, Hampshire	12	1.35	3.3	G	Dy
24	Royal Grammar School	Guildford, Surrey	13	1.35	3.1	B	Dy
25	City of London School	City of London, Greater London	37	1.35	3.2	B	Dy
26	Magdalen College School	Oxford	26	1.34	3.2	B	Dy
27	St. Mary's School	Calne, Wiltshire	22	1.34	3.0	G	Bd
28	Merchant Taylors' School	Northwood, Greater London	88	1.33	3.1	B	Dy
29	Leicester Grammar School	Leicester	56	1.33	3.1	C	Dy
30	Lady Eleanor Holles School, The	Hampton, Greater London	50	1.32	3.4	G	Dy

B = at least 75% boys; Bg = boys schools with co-ed sixth form with at least 25% girls; G = at least 75% girls; C = at least 25% boys and at least 25% girls; Dy = at least 50% day pupils; Bd = at least 50% boarders

Independent Schools 1993 'A' Level Results

Rank	School	Town	5-yr rank	FT score	Passes/ pupil	UCCA points/ entry	UCCA points/ pupil
Avon							
74	Badminton School	Bristol	77	1.23	3.1	7.1	22.8
57	Bath High School	Bath	137	1.25	3.1	7.4	22.8
327	Bristol Cathedral School	Bristol	259	0.92	2.9	5.4	16.9
94	Bristol Grammar School	Bristol	113	1.20	2.9	7.2	21.5
181	Clifton College	Bristol	186	1.09	2.9	6.4	19.8
170	Clifton High School	Bristol	216	1.10	2.9	6.5	20.0
377	Colston's Collegiate School	Bristol	400	0.85	2.4	5.2	14.8
222	Colston's Girls' School	Bristol	318	1.05	2.7	6.5	18.2
213	Downside School	Bath	240	1.06	2.8	6.3	19.0
163	King Edward's School	Bath	140	1.11	2.8	6.7	19.8
355	Kingswood School	Bath	272	0.88	2.7	5.2	16.0
328	Monkton Combe School	Nr. Bath	269	0.92	2.6	5.6	16.3
304	Prior Park College	Bath	316	0.96	2.7	5.7	17.2
154	Queen Elizabeth's Hospital	Bristol	165	1.13	3.0	6.5	21.0
145	Red Maids' School	Bristol	115	1.15	2.9	6.8	20.6
183	Redland High School	Bristol	182	1.09	2.8	6.5	19.7
341	Sidcot School	Winscombe	379	0.90	2.6	5.4	16.1
County Average				1.05	2.8	6.2	18.9
Bedfordshire							
295	Bedford High School	Bedford	207	0.97	2.7	5.9	17.2
228	Bedford Modern School	Bedford	125	1.04	3.0	6.0	19.5
166	Bedford School	Bedford	151	1.11	2.9	6.6	20.0
279	Dame Alice Harpur School,The	Bedford	233	0.99	2.7	6.0	17.6
County Average				1.02	2.8	6.1	18.5
Berkshire							
33	Abbey School,The	Reading	36	1.31	3.3	7.5	24.6
477	Bearwood College	Wokingham	471	0.62	1.9	3.8	10.8
230	Bradfield College	Reading	220	1.04	2.7	6.3	18.4
491	Brigidine School,The	Windsor	420	0.53	2.0	3.3	9.0
369	Douai School	Reading	255	0.86	2.5	5.0	15.6
83	Downe House	Newbury	75	1.22	3.1	7.2	22.3
6	Eton College	Windsor	5	1.48	3.5	8.3	28.2
333	Heathfield School	Ascot	276	0.91	3.3	5.1	17.3
283	Leighton Park School	Reading	321	0.98	2.9	5.7	18.2
468	Licensed Victuallers School	Ascot	481	0.66	2.1	4.1	11.5
442	Luckley-Oakfield School	Wokingham	383	0.72	2.0	4.8	11.6
156	Oratory School,The	Nr. Reading	71	1.12	3.2	6.5	20.8
451	Pangbourne College	Reading	415	0.69	2.4	4.2	12.4
374	Presentation College	Reading	242	0.85	2.6	5.1	15.2
108	Queen Anne's School	Reading	141	1.18	3.1	6.9	21.8
319	Reading Blue Coat School	Reading	271	0.93	2.6	5.6	16.3
253	St. George's School	Ascot	192	1.02	2.9	6.1	18.3
436	St. Joseph's Convent School	Reading	376	0.74	2.4	4.7	12.7
49	St. Mary's School	South Ascot	54	1.27	3.0	7.6	23.0
88	Wellington College	Crowthorne	59	1.22	3.2	7.0	22.6
County Average				0.96	2.7	5.7	17.5
Buckinghamshire							
480	Bury Lawn School	Milton Keynes	478	0.60	2.3	3.7	10.5
440	Pipers Corner School	High Wycombe	N/A	0.73	2.2	4.9	11.4
476	St. Mary's School	Gerrards Cross	455	0.62	2.1	4.1	9.8
234	Stowe School	Buckingham	264	1.03	2.8	6.3	18.4
16	Wycombe Abbey School	High Wycombe	10	1.39	3.1	8.0	25.7
County Average				0.87	2.5	5.4	15.1

Independent Schools 1993 'A' Level Results

Rank	School	Town	5-yr rank	FT score	Passes/ pupil	UCCA points/ entry	UCCA points/ pupil
Cambridgeshire							
243	Kimbolton School	Huntingdon	252	1.02	2.8	6.1	18.3
251	King's School	Ely	286	1.02	3.5	5.8	19.0
224	Leys School,The	Cambridge	196	1.05	2.7	6.3	18.7
41	Perse School for Girls	Cambridge	38	1.29	3.1	7.5	23.7
22	Perse School,The	Cambridge	17	1.36	3.0	7.9	24.9
398	Peterborough High School	Peterborough	407	0.82	2.5	5.0	14.5
239	St. Mary's School	Cambridge	171	1.03	2.8	6.2	18.4
365	Wisbech Grammar School	Wisbech	323	0.87	2.6	5.2	15.6
County Average				1.05	2.9	6.2	19.1
Channel Islands							
208	Elizabeth College	Guernsey	146	1.06	2.7	6.3	19.1
303	Ladies College	Guernsey	133	0.96	2.7	5.7	17.1
County Average				1.01	2.8	6.0	18.1
Cheshire							
362	Abbey Gate College	Chester	370	0.87	2.5	5.3	15.2
138	Cheadle Hulme School	Cheadle	145	1.15	2.8	6.8	20.8
58	Grange School,The	Northwich	149	1.25	2.9	7.5	22.6
52	King's School	Chester	16	1.27	3.1	7.4	23.4
278	King's School,The	Macclesfield	189	0.99	2.6	5.9	17.8
354	Mount Carmel Convent	Alderley Edge	332	0.88	2.4	5.4	15.4
437	North Cestrian Grammar	Altrincham	441	0.74	2.2	4.5	12.9
44	Queen's School,The	Chester	20	1.29	3.1	7.6	23.4
325	St. Ambrose College	Altrincham	358	0.92	2.5	5.5	16.6
373	St. Hilary's School	Alderley Edge	443	0.85	2.3	5.1	15.1
152	Stockport Grammar School	Stockport	102	1.13	2.7	6.8	20.3
County Average				1.03	2.7	6.1	18.5
Cleveland							
134	Teesside High School for Girls	Stockton-on-Tees	265	1.16	3.0	6.7	21.3
249	Yarm School	Yarm	225	1.02	3.1	5.9	19.0
County Average				1.09	3.0	6.3	20.1
Cornwall							
334	Truro High School for Girls	Truro	261	0.91	2.8	5.4	16.3
189	Truro School	Truro	205	1.08	2.8	6.5	19.5
County Average				0.99	2.8	5.9	17.9
Cumbria							
317	Austin Friars School	Carlisle	296	0.93	2.5	5.6	16.7
148	Casterton School	Kirkby Lonsdale	138	1.14	2.8	7.1	19.9
324	Sedbergh School	Sedbergh	206	0.92	3.0	5.3	17.2
386	St. Anne's School	Windermere	253	0.84	2.3	5.2	14.5
323	St. Bees School	St. Bees	305	0.92	2.5	5.6	16.5
County Average				0.95	2.7	5.7	16.9
Derbyshire							
87	Derby High School	Derby	287	1.22	2.8	7.4	21.4
415	Mount St. Mary's College	Via Sheffield	419	0.78	2.6	4.6	14.1
444	Ockbrook School	Nr. Derby	377	0.72	2.1	4.5	12.3
197	Repton School	Derby	98	1.07	3.2	6.1	20.1
211	St. Elphin's School	Matlock	412	1.06	2.8	6.4	18.9
284	Trent College	Nottingham	183	0.98	2.8	5.9	17.7
County Average				0.97	2.7	5.8	17.4

Independent Schools 1993 'A' Level Results

Rank	School	Town	5-yr rank	FT score	Passes/ pupil	UCCA points/ entry	UCCA points/ pupil
Devon							
379	Blundell's School	Tiverton	343	0.85	2.6	5.1	15.2
366	Edgehill College	Bideford	392	0.87	2.6	5.1	15.9
179	Exeter School	Exeter	110	1.09	2.8	6.6	19.5
474	Grenville College	Bideford	477	0.64	1.8	4.4	9.9
401	Kelly College	Tavistock	364	0.81	2.5	5.0	14.2
66	Maynard School	Exeter	89	1.24	3.0	7.3	22.7
290	Plymouth College	Plymouth	203	0.97	2.8	5.7	17.8
375	Shebbear College	Beaworthy	365	0.85	2.8	5.1	15.2
226	St. Dunstan's Abbey School	Plymouth	286	1.04	2.7	6.4	18.2
125	St. Margaret's School for Girls	Exeter	247	1.17	2.9	7.0	20.8
395	West Buckland School	Barnstaple	293	0.82	2.3	4.9	14.7
County Average				0.94	2.6	5.6	16.7
Dorset							
421	Allhallows School	Nr.Lyme Regis	418	0.77	2.3	4.8	13.4
146	Bryanston School	Blandford	69	1.14	3.2	6.6	21.2
184	Canford School	Wimborne	118	1.09	2.9	6.5	19.6
461	Clayesmore School	Blandford	353	0.68	1.9	4.3	11.4
389	Croft House School	Blandford	460	0.83	2.2	5.5	13.5
463	Milton Abbey School	Blandford	484	0.67	2.5	4.1	11.6
91	Sherborne School	Sherborne	60	1.21	3.0	7.1	22.1
92	Sherborne School For Girls	Sherborne	41	1.21	3.0	7.1	21.9
259	St. Antony's-Leweston School	Sherborne	268	1.01	2.5	6.2	17.6
277	St. Mary's School	Shaftesbury	236	0.99	2.7	6.1	17.3
85	Talbot Heath School	Bournemouth	161	1.22	3.0	7.2	22.2
227	Wentworth Milton Mount	Bournemouth	326	1.04	2.7	6.3	18.4
County Average				0.98	2.6	5.9	17.5
Durham							
269	Barnard Castle School	Barnard Castle	394	1.00	2.8	5.7	18.5
171	Durham High School	Durham	86	1.10	2.7	6.8	19.3
310	Durham School	Durham	304	0.95	2.8	5.7	17.1
380	Polam Hall School	Darlington	348	0.85	2.5	5.1	15.1
County Average				0.97	2.7	5.8	17.5
East Sussex							
117	Brighton & Hove High School	Brighton	85	1.17	3.0	6.9	21.4
101	Brighton College	Brighton	201	1.19	3.0	7.1	21.8
130	Eastbourne College	Eastbourne	248	1.16	2.9	6.9	20.9
498	Mayfield College	Mayfield	N/A	0.40	1.5	2.4	7.1
299	Moira House School	Eastbourne	246	0.96	2.9	5.8	17.1
475	Newlands Manor School	Seaford	448	0.63	2.4	3.8	11.3
95	Roedean School	Brighton	96	1.20	3.1	7.1	21.7
419	St. Bede's School	Hailsham	476	0.77	2.6	4.6	13.8
158	St. Leonards-Mayfield School	Mayfield	157	1.12	3.1	6.5	20.7
315	St. Mary's Hall	Brighton	317	0.94	2.7	5.6	16.9
429	Wadhurst College	Wadhurst	438	0.75	2.1	5.3	11.3
County Average				0.93	2.7	5.6	16.7
Essex							
99	Bancroft's School	Woodford Green	219	1.20	3.2	6.9	22.3
176	Brentwood School	Brentwood	136	1.09	2.9	6.4	20.1
93	Chigwell School	Chigwell	210	1.20	3.0	7.1	22.1
198	Felsted School	Dunmow	245	1.07	2.8	6.4	19.2
459	Friends School	Saffron Walden	387	0.68	2.5	4.2	11.9
322	New Hall School	Chelmsford	336	0.92	2.7	5.8	15.9
County Average				1.02	2.8	6.1	18.5

Independent schools — FT 500

Independent Schools 1993 'A' Level Results

Rank	School	Town	5-yr rank	FT score	Passes/ pupil	UCCA points/ entry	UCCA points/ pupil
Gloucestershire							
245	Cheltenham College	Cheltenham	99	1.02	2.8	6.0	18.6
42	Cheltenham Ladies' College	Cheltenham	32	1.29	3.0	7.6	23.4
186	Dean Close School	Cheltenham	164	1.08	3.4	6.1	20.6
250	King's School	Gloucester	333	1.02	2.9	6.1	18.4
307	Rendcomb College	Nr. Cirencester	337	0.95	2.6	5.9	16.6
489	Selwyn School	Gloucester	474	0.54	1.9	3.5	9.1
472	St. Clotilde's School	Lechlade Manor	433	0.65	2.1	4.1	10.9
414	St. Edward's School	Cheltenham	368	0.78	2.5	5.0	12.9
406	Westonbirt School	Tetbury	429	0.80	2.9	4.7	14.5
232	Wycliffe College	Stonehouse	324	1.04	2.8	6.1	18.8
County Average				0.91	2.7	5.5	16.3
Greater London							
200	Alleyn's School	London	209	1.07	3.0	6.2	19.8
486	Baston School	Bromley	398	0.57	2.0	3.4	10.0
178	Blackheath High School	London	175	1.09	2.7	6.6	19.3
106	Channing School	London	68	1.19	2.9	7.1	21.3
25	City of London School	London	37	1.35	3.1	7.8	24.9
76	City of London School For G.	London	53	1.23	2.9	7.3	22.4
203	Colfe's School	London	292	1.07	3.1	6.3	19.5
236	Croham Hurst School	South Croydon	279	1.03	2.7	6.4	17.7
32	Croydon High School	South Croydon	103	1.31	3.3	7.6	24.1
62	Dulwich College	London	45	1.25	3.0	7.2	23.1
59	Eltham College	London	30	1.25	3.1	7.2	23.3
449	Emanuel School	London	402	0.70	2.1	4.3	12.4
248	Forest Schools	London	200	1.02	2.9	6.0	18.7
50	Francis Holland Clarence Gate	London	229	1.27	3.1	7.5	23.0
344	Francis Holland School	London	241	0.90	2.5	5.6	15.3
20	Godolphin & Latymer	London	35	1.36	3.1	8.0	25.0
396	Halliford Sch/St David's	Shepperton	466	0.82	2.4	4.9	14.6
118	Hampton School	Hampton	119	1.17	3.5	6.4	22.8
31	Harrow School	Harrow on the Hill	74	1.31	3.0	7.8	23.7
288	Heathfield School	Pinner	256	0.98	2.8	5.9	17.5
53	Highgate School	London	158	1.26	3.0	7.4	23.1
353	Ilford Ursuline High School	Ilford	322	0.88	2.8	5.4	15.3
37	James Allen's Girls' School	London	39	1.29	3.1	7.6	23.5
270	John Lyon School,The	Harrow	93	0.99	2.8	5.9	18.0
337	King Alfred School,The	London	307	0.91	2.7	5.5	16.0
10	King's College School	London	21	1.43	3.3	8.1	26.9
223	Kingston Grammar School	Kingston upon Thames	191	1.05	2.7	6.2	19.0
30	Lady Eleanor Holles School	Hampton	50	1.32	3.4	7.6	24.6
64	Latymer Upper School	London	111	1.25	3.0	7.4	22.7
28	Merchant Taylors' School	Northwood	88	1.33	3.0	7.9	24.3
268	Mill Hill School	London	221	1.00	2.8	5.9	18.0
220	More House School	London	144	1.05	2.4	6.4	18.4
381	Mount School	London	381	0.84	2.6	5.0	15.2
4	North London Collegiate	Edgware	9	1.52	3.3	8.8	28.3
285	Northwood College	Northwood	231	0.98	2.7	5.9	17.5
140	Notting Hill & Ealing High	London	107	1.15	2.9	6.9	20.6
72	Old Palace School	Croydon	70	1.23	3.1	7.3	22.5
274	Purcell School of Music	Harrow On The Hill	237	0.99	2.0	6.8	15.2
129	Putney High School	London	121	1.16	2.9	6.9	20.8
335	Queen's College London	London	314	0.91	2.7	5.5	16.2
399	Queen's Gate School	London	327	0.82	2.3	5.2	13.7
441	Royal Russell School	Croydon	439	0.72	2.2	4.3	13.0
18	South Hampstead High School	London	31	1.38	3.2	8.0	25.5
257	St. Benedict's School	London	335	1.01	2.7	6.0	18.4
348	St. Dunstan's College	London	299	0.89	2.6	5.3	16.0
86	St. Helen's School	Northwood	104	1.22	3.0	7.3	21.9
142	St. James Independent Boys	London	427	1.15	3.0	6.9	20.5
244	St. James Independent Girls	London	413	1.02	2.6	6.6	17.1
7	St. Paul's Girls' School	London	6	1.48	3.1	8.6	27.3
1	St. Paul's School	London	4	1.55	3.5	8.7	29.4
410	Stratford House	Bromley	315	0.79	2.3	4.8	13.9
273	Streatham Hill & Clapham	London	260	0.99	2.7	6.0	17.5
133	Surbiton High School	Kingston Upon Thames	167	1.16	2.9	6.8	21.1
182	Sutton High School	Sutton	128	1.09	3.0	6.4	19.8
308	Sydenham High School	London	346	0.95	2.6	5.8	16.8
185	Trinity School	Croydon	80	1.08	2.9	6.3	20.0
45	University College School	London	19	1.28	3.0	7.5	23.6
3	Westminster School	London	3	1.52	3.5	8.5	29.3
78	Whitgift School	South Croydon	52	1.23	3.1	7.1	22.9
54	Wimbledon High School	London	64	1.26	3.0	7.4	22.9
County Average				1.11	2.9	6.6	20.2
Greater Manchester							
141	Chetham's School of Music	Manchester	139	1.15	2.5	7.3	19.3
8	Manchester Grammar School	Manchester	8	1.46	3.1	8.6	26.5
82	Manchester High Girls	Manchester	46	1.22	3.1	7.1	22.5
313	St. Bede's College	Manchester	341	0.95	2.7	5.7	17.0
318	William Hulme's Grammar	Manchester	302	0.93	2.7	5.5	16.8
9	Withington Girls School	Manchester	18	1.43	3.1	8.4	26.2
County Average				1.19	2.9	7.1	21.3
Hampshire							
412	Atherley School,The	Southampton	385	0.78	2.5	4.8	13.8
150	Bedales School	Petersfield	65	1.14	3.1	6.7	20.9
352	Churcher's College	Petersfield	239	0.88	2.7	5.4	15.4
488	Embley Park School	Romsey	487	0.55	1.9	3.5	9.3
158	Farnborough Hill	Farnborough	215	1.12	2.7	7.0	19.4
120	King Edward VI School	Southampton	40	1.17	3.0	6.9	21.2
164	Lord Wandsworth College	nr.Basingstoke	320	1.11	2.9	6.6	20.1
316	North Foreland Lodge	Basingstoke	124	0.94	2.8	5.8	16.5
51	Portsmouth Grammar	Portsmouth	63	1.27	3.0	7.3	23.4
23	Portsmouth High School	Southsea	12	1.35	3.2	7.9	25.0
363	St. John's College	Southsea	340	0.87	2.5	5.2	15.7
432	St. Nicholas' School	Fleet	308	0.75	2.3	4.7	13.0
155	St. Swithun's School	Winchester	55	1.13	2.8	6.8	20.1
501	Stanbridge Earls School	Romsey	489	0.29	0.8	2.1	4.3
2	Winchester College	Winchester	2	1.55	3.5	8.7	29.5
County Average				0.99	2.6	5.9	17.8
Hereford and Worcester							
136	Alice Ottley School,The	Worcester	190	1.15	2.9	6.9	20.7
439	Belmont Abbey School	Hereford	386	0.73	2.2	4.5	12.8
361	Bromsgrove School	Bromsgrove	282	0.87	2.8	5.3	15.5
190	Hereford Cathedral School	Hereford	179	1.08	2.8	6.3	19.9
161	King's School,The	Worcester	95	1.11	3.0	6.6	20.3
483	Lawnside School	Great Malvern	473	0.58	2.2	4.0	8.8
157	Malvern College	Malvern	92	1.12	3.1	6.6	20.6
56	Malvern Girls College	Malvern	33	1.25	3.1	7.4	22.8
394	R.N.I.B. New College	Worcester	275	0.82	2.3	5.1	14.4
104	Royal Grammar School	Worcester	129	1.19	3.3	6.7	22.6
443	St. James's and The Abbey	West Malvern	408	0.72	2.4	4.3	13.0
119	St. Mary's Convent School	Worcester	311	1.17	3.0	7.0	21.2
County Average				0.98	2.8	5.8	17.7
Hertfordshire							
462	Aldenham School	Elstree	430	0.67	2.5	4.0	12.2
247	Berkhamsted School	Berkhamsted	132	1.02	3.0	5.9	18.9
75	Berkhamsted School for Girls	Berkhamsted	78	1.23	2.8	7.5	21.7
266	Bishop's Stortford College	Bishop's Stortford	213	1.00	2.7	6.0	17.9
12	Haberdashers' Aske's	Borehamwood	7	1.40	3.3	7.9	26.7
15	Haberdashers' Aske's Girls	Elstree	14	1.39	3.3	8.0	26.0
128	Haileybury	Hertford	106	1.16	3.0	6.9	21.0
382	Princess Helena College,The	Hitchin	188	0.84	2.7	5.0	15.3
204	Queenswood School	Hatfield	211	1.07	3.2	6.3	19.4
357	Rickmansworth Masonic	Rickmansworth	446	0.88	2.4	5.5	15.0
500	Sherrardswood School	Welwyn Garden City	472	0.33	1.5	2.1	5.6
19	St. Albans High Girls	St. Albans	28	1.37	3.1	8.1	24.7
168	St. Albans School	St. Albans	159	1.11	3.1	6.4	20.6
343	St. Christopher School	Letchworth	344	0.90	2.8	5.4	15.9
403	St. Edmund's College	Ware	363	0.81	2.7	4.8	14.6
332	St. Francis' College	Letchworth	356	0.91	2.4	5.6	16.0
431	St. Margaret's School	Bushey	262	0.75	2.4	4.6	13.1
County Average				0.99	2.8	5.8	17.9
Humberside							
495	Hull Grammar School	Kingston upon Hull	N/A	0.47	1.8	2.8	8.6
153	Hull High School	Anlaby	230	1.13	2.9	6.8	20.1
206	Hymers College	Hull	152	1.06	2.9	6.2	19.6
388	Pocklington School	York	274	0.83	2.7	4.8	15.4
County Average				0.87	2.6	5.1	15.9
Isle of Man							
305	King William's College	Isle of Man	331	0.96	2.7	5.8	17.0
County Average				0.96	2.8	5.8	17.0
Isle of Wight							
492	Bembridge School	Isle of Wight	457	0.53	2.5	3.1	9.5
359	Ryde School	Ryde	254	0.87	2.7	5.2	15.9
426	Upper Chine School	Shanklin	459	0.76	2.6	4.4	14.1
County Average				0.72	2.6	4.2	13.1
Kent							
202	Ashford School	Ashford	169	1.07	2.9	6.4	19.1
422	Bedgebury School	Cranbrook	462	0.77	2.1	5.0	12.5
351	Beechwood Sacred Heart	Tunbridge Wells	342	0.88	2.8	5.2	16.2
39	Benenden School	Cranbrook	108	1.29	3.2	7.5	23.9
484	Bethany School	Cranbrook	461	0.58	2.2	3.5	10.1
160	Bromley High School	Bromley	204	1.12	2.7	6.8	19.7
194	Cobham Hall School	Nr. Gravesend	409	1.08	3.1	5.9	21.0
420	Combe Bank School	Nr. Sevenoaks	369	0.77	2.5	4.9	13.1
433	Dover College	Dover	410	0.75	2.3	4.7	12.9
455	Duke of York's Royal Military	Dover	172	0.69	2.4	4.1	12.5
387	Farringtons School	Chislehurst	467	0.83	2.8	4.8	15.6
231	Holy Trinity College	Bromley	351	1.04	2.6	6.4	18.1
306	Kent College	Canterbury	153	0.95	3.0	5.6	17.5
175	Kent College Pembury	Pembury	399	1.10	2.9	6.6	19.7
40	King's School	Canterbury	34	1.29	3.4	7.3	24.3
311	King's School	Rochester	270	0.95	2.8	5.6	17.3
81	Sevenoaks School	Sevenoaks*	N/A	1.22	2.9	7.3	22.1
473	St. Augustine's College	Westgate-on-Sea	431	0.65	2.1	3.8	11.9
329	St. Edmund's School	Canterbury	417	0.92	2.4	5.6	16.1
233	St. Lawrence College	Ramsgate	244	1.04	2.6	6.2	18.7
340	Sutton Valence School	Maidstone	451	0.90	2.7	5.4	16.2
21	Tonbridge School	Tonbridge	11	1.36	3.2	7.8	25.4
309	Ursuline Convent School	Westgate-on-Sea	390	0.95	2.7	5.7	17.1
209	Walthamstow Hall	Sevenoaks	195	1.06	2.8	6.4	18.9
312	West Heath School	Sevenoaks	447	0.95	2.8	5.7	17.1
County Average				0.96	2.7	5.7	17.4
Lancashire							
193	Arnold School	Blackpool	232	1.08	2.8	6.4	19.6
212	Bolton School (Boys Div.)	Bolton	44	1.06	2.8	6.3	19.0
60	Bolton School (Girls Div.)	Bolton	105	1.25	2.9	7.4	22.6
110	Bury Grammar School	Bury	199	1.18	2.9	7.0	21.4
214	Bury Grammar School (Girls)	Bury	212	1.06	2.8	6.3	19.1
378	Elmslie Girls School	Blackpool	440	0.85	2.4	5.4	14.3
123	Hulme Grammar Girls	Oldham	130	1.17	2.8	7.1	20.7
174	Hulme Grammar School	Oldham	181	1.10	2.8	6.5	20.0
460	King Edward VII School	Lytham	362	0.68	2.0	4.1	12.0
321	Kirkham Grammar School	Preston	366	0.92	2.7	5.5	16.8
282	Queen Elizabeth's Grammar	Blackburn	148	0.98	2.6	5.9	17.7
342	Queen Mary School	Lytham	303	0.90	2.5	5.5	15.9
296	Rossall School	Fleetwood	334	0.97	2.5	6.0	16.9
199	Scarisbrick Hall School	Ormskirk	416	1.07	2.7	6.5	18.9
260	Stonyhurst College	Stonyhurst	156	1.01	2.8	5.9	18.4
356	Westholme School	Blackburn	273	0.88	2.6	5.2	15.8
County Average				1.01	2.7	6.0	18.0
Leicestershire							
29	Leicester Grammar School	Leicester	56	1.33	3.0	7.8	24.4
261	Leicester High School for Girls	Leicester	194	1.01	2.6	6.1	17.9
89	Loughborough Grammar	Loughborough	135	1.22	3.0	7.1	22.3
38	Loughborough High School	Loughborough	87	1.29	2.9	7.8	22.9
71	Oakham School	Oakham	160	1.23	2.9	7.4	22.2
402	Ratcliffe College	Leicester	306	0.81	2.6	5.0	14.3
238	Uppingham School	Uppingham	222	1.03	2.9	6.1	18.6
County Average				1.13	2.8	6.7	20.3
Lincolnshire							
497	St. Joseph's School	Lincoln	357	0.43	1.7	2.8	7.3
172	Stamford High School for Girls	Stamford	258	1.10	3.1	6.5	20.0
210	Stamford School	Stamford	187	1.06	2.8	6.3	19.1
County Average				0.86	2.6	5.2	15.4
Merseyside							
293	Belvedere School,The	Liverpool	217	0.97	2.5	6.0	16.9
245	Birkenhead High School	Birkenhead	142	1.02	2.8	6.1	18.5
241	Birkenhead School	Birkenhead	117	1.02	2.8	5.9	19.0
479	Kingswood Schools	Southport	488	0.60	2.1	3.6	10.7
300	Liverpool College	Liverpool	287	0.96	2.4	5.8	17.0
132	Merchant Taylors' Girls	Liverpool	79	1.16	2.8	6.9	20.9
48	Merchant Taylors' School	Liverpool	N/A	1.28	2.9	7.6	23.2
339	St. Anselm's College	Birkenhead	295	0.91	2.6	5.4	16.3
242	St. Edward's College	Liverpool	278	1.02	2.8	6.1	18.8
435	St. Mary's College	Great Crosby	354	0.75	2.4	4.5	13.3
County Average				0.96	2.6	5.7	17.4
Norfolk							
162	Gresham's School	Holt	112	1.11	2.9	6.6	20.3
262	Hethersett Old Hall School	Norwich	466	1.01	3.2	6.2	17.6
487	Langley School	Near Loddon	479	0.56	1.7	3.7	9.1
165	Norwich High School for Girls	Norwich	193	1.11	3.1	6.4	20.7
100	Norwich School	Norwich	182	1.20	2.9	7.1	21.6
454	Runton and Sutherland School	Cromer	N/A	0.69	1.9	4.4	11.6
137	Thetford Grammar School	Thetford	281	1.15	3.0	6.8	20.9
County Average				0.97	2.7	5.8	17.4
North Wales							
216	Howell's School	Denbigh	309	1.05	2.8	6.4	18.7
292	Penrhos College	Colwyn Bay	395	0.97	2.7	6.0	17.1
428	Ruthin School	Clwyd	458	0.76	2.8	4.4	13.8
376	Rydal School	Colwyn Bay	328	0.85	2.6	5.1	15.1
481	St. David's College	Llandudno	438	0.59	2.1	3.7	9.9
70	St. Gerards School	Bangor	257	1.24	3.0	7.3	22.5
County Average				0.91	2.7	5.4	16.1
North Yorkshire							
109	Ampleforth College	York	84	1.18	3.6	6.3	23.5
400	Ashville College	Harrogate	406	0.82	2.7	4.7	15.3
434	Ayton School	Great Ayton	329	0.75	2.5	4.6	13.2
452	Bentham School	nr.Lancaster	445	0.69	2.3	4.2	12.5
205	Bootham School	York	288	1.07	2.9	6.3	19.5
265	Giggleswick School	Settle	319	1.00	2.6	6.1	17.5
314	Harrogate Ladies College	Harrogate	184	0.94	2.6	5.5	17.5
219	Mount School,The	York	289	1.05	2.6	6.4	18.5
113	Queen Margaret's School	York	143	1.18	2.9	7.2	20.9
494	Read School	Selby	483	0.50	1.9	3.0	8.7
413	Scarborough College	Scarborough	338	0.78	2.2	4.9	13.2
425	St. Hilda's School	Whitby	371	0.76	2.6	4.6	13.7
112	St. Peter's School	York	163	1.18	3.0	6.9	21.7
384	York College for Girls	York	214	0.87	2.5	5.2	15.6
County Average				0.91	2.6	5.4	16.5
Northamptonshire							
221	Northampton High School	Northampton	238	1.05	2.7	6.5	18.1
90	Oundle School	Peterborough	48	1.21	3.0	7.1	22.2
135	Wellingborough School	Wellingborough	208	1.15	2.8	6.9	20.6
County Average				1.13	2.9	6.8	20.3
Nottinghamshire							
65	Nottingham High Girls	Nottingham	72	1.25	3.2	7.3	22.9
17	Nottingham High School	Nottingham	42	1.38	3.1	8.1	25.3
423	Worksop College	Worksop	454	0.76	2.3	4.8	13.2
County Average				1.13	2.9	6.7	20.4
Oxfordshire							
107	Abingdon School	Abingdon	49	1.18	3.3	6.7	22.5
272	Bloxham School	Nr Banbury	349	0.99	2.9	5.9	18.0
102	Carmel College	Wallingford	198	1.19	2.8	7.3	20.8
499	Cokethorpe School	Witney	490	0.35	1.5	2.3	5.8
149	Headington School	Oxford	62	1.14	3.0	6.7	21.0
478	Kingham Hill School	Kingham	486	0.61	2.2	3.5	11.2
26	Magdalen College School	Oxford	26	1.34	3.1	7.8	24.7
424	Our Lady's Convent Senior	Abingdon	297	0.76	2.8	4.7	13.4
127	Oxford High School	Oxford	27	1.16	2.9	7.0	20.8
35	Radley College	Abingdon	23	1.30	3.3	7.3	24.6
235	Rye St.Antony School	Oxford	313	1.03	2.9	6.1	18.8
456	Shiplake College	Henley-on-Thames	475	0.69	2.2	4.6	11.0
177	St. Edward's School	Oxford	101	1.09	2.9	6.5	19.9
80	St. Helen & St Katharine	Abingdon	82	1.22	3.1	7.1	22.6
289	St. Mary's School	Wantage	290	0.98	2.4	6.2	16.3
131	Tudor Hall School	Banbury	131	1.16	2.9	7.1	20.5
485	Wychwood School	Oxford	367	0.67	1.0	6.0	6.1
County Average				0.99	2.6	6.0	17.5
Scotland							
275	Gordonstoun School	Moray	202	0.99	2.8	5.9	17.8
115	St. Leonards School	St. Andrews	61	1.17	2.7	7.2	20.5
County Average				1.08	2.7	6.5	19.1
Shropshire							
471	Bedstone College	Bucknell	378	0.65	2.0	4.2	10.9
445	Ellesmere College	Ellesmere	425	0.72	2.4	4.5	12.4
301	Moreton Hall School	Oswestry	283	0.96	2.7	5.8	17.0
416	Oswestry School	Oswestry	401	0.78	2.4	4.8	13.4
43	Shrewsbury High School	Shrewsbury	109	1.29	2.9	7.7	23.1
69	Shrewsbury School	Shrewsbury	43	1.24	3.1	7.2	22.9
408	Wrekin College	Telford	422	0.79	2.4	4.7	14.1
County Average				0.91	2.6	5.5	16.2
NATIONAL AVERAGE				1.0	2.7	5.9	17.9
Somerset							
372	Bruton School for Girls	Bruton	339	0.85	2.5	5.3	14.8
263	King's College	Taunton	263	1.00	2.6	6.1	17.7
237	King's School	Bruton	360	1.03	2.9	6.0	18.8
167	Millfield School	Street	166	1.11	2.8	6.6	20.0
254	Queen's College	Taunton	180	1.02	2.7	5.9	18.7
207	Taunton School	Taunton	301	1.06	2.9	6.3	19.3
256	Wellington School	Wellington	285	1.01	2.8	6.0	18.3
191	Wells Cathedral School	Wells	168	1.08	2.8	6.7	18.7
County Average				1.02	2.8	6.1	18.2
South Wales							
320	Christ College	Brecon	325	0.93	2.6	5.6	16.4
61	Haberdashers' Monmouth Girls	Monmouth	122	1.25	2.9	7.4	22.7
258	Howell's School Llandaff	Cardiff	218	1.01	2.8	6.0	18.3
417	Llandovery College	Dyfed	421	0.78	2.5	4.6	13.9
195	Monmouth School	Monmouth	127	1.07	2.9	6.3	19.7
276	Rougemont School	Newport	280	0.99	2.7	6.0	17.6
79	St. Michael's School	Llanelli	347	1.23	2.8	7.3	22.0
County Average				1.03	2.8	6.1	18.6
South Yorkshire							
371	Birkdale School	Sheffield	N/A	0.86	2.5	5.1	15.3
196	Sheffield High School	Sheffield	227	1.07	2.8	6.4	19.5
County Average				0.96	2.6	5.7	17.4
Staffordshire							
448	Abbotsholme School	Uttoxeter	452	0.71	2.2	4.3	12.6
392	Denstone College	Uttoxeter	359	0.83	2.7	4.9	15.1
116	Newcastle-under-Lyme School	Newcastle-under-Lyme	173	1.17	3.1	6.8	21.7
346	School of S.Mary & S.Anne	Rugeley	223	0.89	2.4	5.7	15.1
350	St. Dominic's Priory School	Stone	380	0.89	2.5	5.5	15.4
390	St. Dominic's School	Stafford	373	0.83	2.3	5.1	14.6
427	St. Joseph's College	Stoke on Trent	397	0.76	2.3	4.7	13.4
302	Stafford Grammar School	Stafford	404	0.96	2.7	5.7	17.3
County Average				0.88	2.5	5.3	15.6
Suffolk							
368	Culford School	Bury St.Edmunds	352	0.86	2.5	5.2	15.1
367	Felixstowe College	Felixstowe	291	0.86	2.7	5.4	14.8
331	Framlingham College	Nr.Woodbridge	391	0.92	2.6	5.6	16.0
67	Ipswich High School	Ipswich	154	1.24	2.9	7.5	22.3
103	Ipswich School	Ipswich	83	1.19	3.0	7.0	22.0
482	Royal Hospital School	Ipswich	355	0.59	2.1	3.7	9.9
173	St. Felix School	Southwold	234	1.10	3.2	6.4	20.3
286	St. Joseph's College	Ipswich	374	0.98	2.7	5.8	17.8
264	Woodbridge School	Woodbridge	243	1.00	2.9	5.9	18.2
County Average				0.97	2.7	5.8	17.3
Surrey							
447	Box Hill School	Dorking	465	0.71	2.4	4.3	12.4
77	Caterham School	Caterham	90	1.23	3.0	7.2	22.6
68	Charterhouse	Godalming	29	1.24	3.1	7.3	22.8
287	City of London Freemen's	Ashtead Park	251	0.98	3.0	5.7	18.0
252	Claremont Fan Court School	Esher	298	1.02	2.9	6.0	18.4
267	Cranleigh School	Cranleigh	100	1.00	2.8	5.8	18.2
347	Dunottar School	Reigate	249	0.89	2.6	5.5	15.5
469	Elmhurst Ballet School	Camberley	N/A	0.66	1.2	5.2	8.0
294	Eothen School	Caterham	453	0.97	2.8	5.8	17.5
63	Epsom College	Epsom	51	1.25	3.0	7.3	22.8
438	Ewell Castle School	Ewell	388	0.74	2.4	4.5	12.9
180	Frensham Heights	Farnham	361	1.09	2.8	6.7	19.2
338	Greenacre School	Banstead	405	0.91	2.7	5.6	15.9
14	Guildford High School for Girls	Guildford	76	1.40	3.1	8.2	25.6
280	King Edward's School	Nr. Godalming	382	0.99	2.7	6.0	17.6
240	Notre Dame School	Lingfield	437	1.03	2.5	6.6	16.9
409	Notre Dame Senior School	Cobham	384	0.79	2.3	5.0	13.3
493	Parsons Mead School	Ashtead	411	0.53	2.0	3.3	8.9
485	Pierrepont School	Farnham	482	0.57	1.9	3.6	9.9
385	Prior's Field	Godalming	456	0.84	2.5	5.2	14.6
418	Reed's School	Cobham	464	0.77	2.4	4.8	13.5
169	Reigate Grammar School	Reigate	126	1.10	3.0	6.5	20.2
24	Royal Grammar School	Guildford	13	1.35	3.1	7.8	24.9
188	Royal Naval School for Girls	Haslemere	375	1.08	2.8	6.4	19.8
34	Sir William Perkins's School	Chertsey	91	1.30	2.9	7.8	23.4
105	St. Catherine's School	Guildford	116	1.19	3.3	6.8	22.3
397	St. David's/Halliford	Ashford	489	0.82	2.4	4.9	14.6
430	St. George's College	Weybridge	250	0.75	2.3	4.6	13.1
187	St. John's School	Leatherhead	300	1.08	3.0	6.4	19.7
218	St. Maur's School	Weybridge	224	1.05	2.8	6.3	18.9
490	St. Michael's School	Oxted	424	0.53	1.7	3.1	9.8
404	St. Teresa's School	Dorking	449	0.81	2.6	4.9	14.1
36	Tormead School	Guildford	97	1.29	3.2	7.6	23.5
457	Wispers School	Haslemere	393	0.69	2.4	4.5	11.0
55	Woldingham School	Woldingham	134	1.26	3.0	7.5	22.6
County Average				0.96	2.6	5.8	17.2
Tyne and Wear							
111	Central Newcastle High School	Newcastle-upon-Tyne	47	1.18	3.0	7.0	21.5
297	Dame Allan's Schools	Newcastle-upon-Tyne	177	0.96	2.8	5.7	17.4
298	Dame Allan's Schools	Newcastle-upon-Tyne	178	0.96	2.8	5.7	17.4
255	King's School	Tynemouth	345	1.01	3.3	5.8	19.1
453	La Sagesse Convent High	Newcastle-upon-Tyne	403	0.69	2.1	4.4	11.6
151	Newcastle U Tyne Church	Newcastle upon Tyne	228	1.13	3.6	6.1	22.4
46	Royal Grammar School	Newcastle-upon-Tyne	25	1.28	3.2	7.5	23.5
411	Sunderland High School	Sunderland	432	0.79	2.2	4.7	14.0
393	Westfield School	Gosforth	428	0.82	2.5	5.0	14.4
County Average				0.98	2.8	5.7	17.9
Warwickshire							
73	King's High School for Girls	Warwick	94	1.23	3.0	7.3	22.3
215	Kingsley School	Leamington Spa	277	1.06	3.0	6.0	20.1
370	Princethorpe College	Rugby	426	0.86	2.5	5.2	15.0
47	Rugby School	Rugby	57	1.28	3.1	7.3	23.9
229	Warwick School	Warwick	147	1.04	3.0	6.1	19.0
County Average				1.09	2.9	6.3	20.0
West Midlands							
114	Bablake School	Coventry	81	1.17	2.9	6.8	21.7
291	Edgbaston C of E College	Birmingham	372	0.97	2.7	5.9	17.3
147	Edgbaston High Girls	Birmingham	228	1.14	2.8	6.8	20.7
336	Highclare School	Sutton Coldfield	480	0.91	2.5	5.6	15.8
467	Holy Child School	Edgbaston	389	0.66	2.7	3.8	12.4
13	King Edward VI High Girls	Birmingham	15	1.40	3.1	8.3	25.5
5	King Edward's School	Birmingham	1	1.50	3.4	8.6	28.3
96	King Henry VIII	Coventry	66	1.20	2.9	6.9	22.2
384	Royal Wolverhampton School	Wolverhampton	414	0.84	2.4	5.1	14.9
97	Solihull School	Solihull	155	1.20	3.0	7.1	21.8
358	St. Martin's	Solihull	N/A	0.88	3.0	5.1	16.2
391	Tettenhall College	Wolverhampton	350	0.83	2.6	4.7	15.5
84	Wolverhampton Grammar	Wolverhampton	185	1.22	3.0	7.2	22.3
County Average				1.07	2.9	6.3	19.5
West Sussex							
192	Ardingly College	Haywards Heath	312	1.08	2.8	6.5	19.1
98	Burgess Hill School	Burgess Hill	174	1.20	3.0	7.1	21.8
124	Christ's Hospital	Horsham	114	1.17	2.9	6.9	21.3
225	Farlington School	Horsham	N/A	1.04	2.6	6.5	17.9
345	Hurstpierpoint College	Hassocks	294	0.89	2.8	5.4	15.7
144	Lancing College	Sussex	123	1.15	3.0	6.7	21.1
446	Seaford College	Petworth	485	0.71	2.3	4.5	12.0
383	Sion School	Worthing	423	0.84	2.4	5.2	14.6
217	Worth School	Crawley	170	1.05	2.7	6.4	18.6
County Average				1.01	2.7	6.1	18.0
West Yorkshire							
407	Ackworth School	Pontefract	284	0.79	2.3	5.0	13.6
326	Batley Grammar School	Batley	310	0.92	2.6	5.5	16.7
143	Bradford Girls' Grammar	Bradford	120	1.15	2.8	6.9	20.5
11	Bradford Grammar School	Bradford	24	1.42	3.2	8.2	26.2
450	Fulneck School Foundation	Pudsey	463	0.70	2.2	4.3	12.2
466	Fulneck School Foundation (G)	Pudsey	470	0.66	2.3	4.1	11.6
360	Gateways School	Leeds	N/A	0.87	2.5	5.3	15.3
405	Hipperholme Grammar School	Halifax	396	0.80	2.5	4.9	14.3
121	Leeds Girls' High School	Leeds	73	1.17	2.9	6.9	21.2
122	Leeds Grammar School	Leeds	67	1.17	3.0	6.8	21.5
139	Queen Elizabeth Grammar	Wakefield	150	1.15	2.8	6.8	20.8
349	Rishworth School	Sowerby Bridge	435	0.89	2.7	5.3	15.9
464	Silcoates School	Wakefield	330	0.67	2.3	4.0	12.1
201	Wakefield Girls' High School	Wakefield	235	1.07	2.8	6.3	19.4
470	Woodhouse Grove School	Bradford	434	0.66	2.2	3.9	11.7
County Average				0.93	2.6	5.6	16.8
Wiltshire							
281	Dauntsey's School	Nr. Devizes	197	0.99	3.2	5.7	18.2
271	Godolphin School,The	Salisbury	176	0.99	3.0	5.8	18.3
496	La Retraite School	Salisbury	444	0.45	1.8	2.9	7.5
126	Marlborough College	Marlborough	58	1.16	3.0	6.8	21.3
27	St. Mary's School	Calne	22	1.34	2.9	8.0	24.1
330	Stonar School	Melksham	450	0.92	2.4	5.8	15.5
458	Warminster School	Warminster	442	0.68	2.1	4.3	11.8
County Average				0.93	2.7	5.6	16.6

TRAVEL

Puffins and polecats – at home in Wales

*Islands, estuaries, Snowdonia. **Michael J. Woods** describes the wildlife of Wales, from cetaceans to the red kite*

A STRANGE and mournful wail filtered up from beneath our feet as if some lost soul was crying in despair from the depths of the earth. The only light came from the flickering flames on the dark horizon and a slight glow from the stars as we stumbled forward. Something flopped away from us, struggling over the uneven grass like a grounded spirit of the night.

Black and white, with wings outstretched, it made pathetic but vain attempts to take to the air. No effort was required to catch the bird; as I lifted it skywards, it spread its long wings and, returned to its true element, glided away with ease.

It was a Manx shearwater, a short-term occupant of one of the old rabbit holes on Skomer Island off the Pembrokeshire coast, in Wales. More than 100,000 come here every spring to nest in the shelter of their underground bunkers, safe from the predatory intentions of gulls.

Flying aces, they glide over the stormy oceans with grace, dipping an occasional wing-tip in the water as if to belittle its power. On land they are all but helpless, staying hidden under ground during the day and only venturing out under cover of darkness. Their half-eaten corpses strewn on the rabbit-cropped turf, particularly around full moon, tell of a successful night's hunting for the gulls.

In spite of the proximity of Milford Haven and the burning beacons of its oil refineries, Skomer is a diamond in the Welsh wildlife crown. In addition to shearwaters, it has large colonies of nesting seabirds including puffins and guillemots. Choughs swirl around its cliffs while short-eared owls hunt its special Skomer voles. Skomer is also one of the most important breeding sites for grey seals in southern Britain: about 100 pups are born there every autumn.

Wales is well-blessed with wildlife islands. Further off-shore from Skomer is Skokholm, which has storm petrels as well as many of Skomer's species; even more remote Grassholm supports one of the largest gannet colonies in the northern hemisphere.

Ramsey Island, off St David's Head, has been purchased recently by the Royal Society for the Protection of Birds. A number of rare birds nest there including peregrine falcons; there is also a large grey seal colony and a herd of red deer. Also noted for its birds is Bardsey, accessible by boat from Pwllheli, which has its own bird and field observatory.

All these islands, along with Anglesey and various headlands on the Welsh coast, are good spots from which to watch for passing cetaceans, although less-dedicated whale watchers might have more luck with the resident bottle-nosed dolphins which live in Cardigan Bay and can be seen off New Quay Head.

In less rocky areas there are outstanding examples of salt marshes and estuaries of national and international importance around the Welsh coast, notably the Loughor estuary north of the Gower peninsula, the Cleddau, the Dovey and the Dee, Conway and Taff. The last three are under considerable pressure from development, and the main wildlife interest of the Taff estuary is likely to disappear if the Cardiff Bay barrage is constructed as planned.

All have large populations of wildfowl, especially in the winter when they are important feeding grounds for significant flocks of waders such as godwit, redshank and oyster catcher, and ducks like pintail, widgeon and goldeneye.

More picturesque than mudflats at low tide are the sandy beaches and their flower-rich dunes which are found, notably, around the Gower and nearby Kenfig and at Newborough Warren on Anglesey. Fine orchids grow in these unlikely places, including the southern marsh orchid, fen orchid, marsh helleborine and green-winged orchid. If it is an unusual beach you want, then try Shell Island south of Harlech where the empty shells of more than 70 different crustaceans may be found.

The Snowdon massif makes a magnificent backdrop to this area and the summits of these, the highest mountains in Wales, have a flora that dates from the last Ice Age. On the most exposed tops you can find dwarf willow and reindeer moss, while in more sheltered spots are other Arctic-alpine species including cushions of purple saxifrage, mountain avens, Snowdon lilies and globe flowers.

Snowdon: a magnificent backdrop to the north Wales coastline. On its exposed tops you can find dwarf willow and reindeer moss

On the slightly lower slopes are sheets of heather which support both black and red grouse. The latter, startled by your approach, cries out "Go back, go back" as it leaps into the air and glides away. In river gorges you may spot a ring ouzel, a shy relative of the blackbird with a white bib, not to be confused with the smaller, tubbier and more confiding dipper.

There are feral goats up here, too: animals that have probably roamed the hills for centuries. At present there is conflict between the goats and local agricultural and conservation interests because of the damage they do to young trees and seedlings; selective culling takes place. But while you are quite likely to see the goats of Snowdonia, the gwyniad will almost certainly evade you. It is a small, herring-like fish – an Ice Age remnant – which occurs only in Bala lake.

Unlike Bala lake, many of Wales' inland waters are man-made, tapping into the high rainfall of this hilly country to bring water to drier parts of Britain. Some of these reservoirs, especially in the Elan Valley and at Llyn Brianne, appear to be strongholds for the red kite. A success story for the work of the RSPB, the red kite has made a significant return, particularly in the past decade. While the RSPB's Dinas and Gwenffrwd reserve is the main centre for these birds, they range widely, and seeing one is a matter of keeping your eyes peeled for a fine chestnut bird with a forked tail.

There are good chances of seeing otters in Wales, both on lakes and in rivers, while its relative, the polecat, is a Welsh speciality. This ferret-sized creature was persecuted to extinction in England, but has been hiding out in the Brecon Beacons and Tregaron Bog, a notable national nature reserve, and is now making successful incursions into its old haunts in the English west midlands.

■ **Countryside Council for Wales, tel: 0248-370444. The Welsh office of the Royal Society for the Protection of Birds (0686-626678), can tell you how to reach Ramsey Island and other reserves. The Brecknock Wildlife Trust runs weekend country breaks that include badger watching, looking for otters and spotting red kites (0874-625708.)**

■ **To stay on Skomer or Skokholm islands you must book through the Dyfed Wildlife Trust (0437-765462). To reach Skokholm and Skomer, book a place with the Dale Sailing Company (0646-601636). Day trips to Skokholm can be booked in advance through any national park tourist information centre. Thousand Islands Expeditions runs exciting trips around Ramsey in large inflatables (0437-721686).**

■ **Just published in paperback: *The Summits of Snowdonia* by Terry Marsh, a guide to all the 600-metre summits in Snowdonia national park and the Berwyn Hills which straddle the park boundary. (Robert Hale, £6.99).**

Art deco at the end of the earth

***John Westbrooke** visits New Zealand's answer to Bath*

GO TO the end of the earth, turn east, and what do you find? Answer: a gem of a collection of art deco buildings.

Napier, a city of 50,000 or so on the east coast of the North Island of New Zealand, is the home of a remarkable example of town planning: half-a-dozen blocks, most of its commercial heart, built at the same time and in the same style – a Bath for the 20th century.

There is a melancholy reason for this. Early this century, Napier was a Brightonesque seaside resort, noted for its bracing sea air and its long marine parade looking out towards... well, Chile is the next stop. Its buildings were characteristically Victorian, several storeys high, lined with fretwork verandas.

Then on February 3 1931, the region was struck by an earthquake. In effect, the whole country is a fault line rising from the Pacific, but this was by far the deadliest of its many 'quakes, 7.9 on the Richter scale. The death toll was 258 and the subsequent fires razed the middle of Napier.

So it all had to be rebuilt at once, and the city fathers decided that the new art deco look was the one best suited to a community trying to overcome tragedy and turn firmly towards the future. It was not the only style used – you can see hints of classical, Spanish mission (the main influence in the rebuilding of nearby Hastings) and Frank Lloyd Wright – but it was the main one, and Napier is clearly, as it claims, Art Deco City.

The architects – Louis Hay, a Wright devotee, and E A Williams were the busiest of them – learnt lessons from the disaster. Buildings were to be low-rise, with less masonry to fall on passers-by; two storeys is standard. Services went underground.

Many of the street-level shopfronts have been renovated, but turn your eyes up and the city's uniqueness becomes apparent. Everywhere you look you see the straight lines and sharp angles of art deco.

Typical decorations involve sunbursts, chevrons, zigzags, even stylised Maori motifs. Most have been sympathetically painted in soft pastels, standing out against the bright blue sky.

The best are to be found on the Countrywide Bank and the Daily Telegraph buildings, in pinks and oranges, the latter looking vaguely Egyptian, and on the Midland hotel, with a long, low, almost flat façade. But there are lots of small shops and offices, their architects often unknown, which go together to make up this unique cityscape.

Europeans often think of art deco as an art form of the north. It was first unveiled at the International Exposition of Modern Decorative and Industrial Arts in Paris in 1925. But it has flourished best in the sun: fine collections of apartments and shops are on show in Miami and Los Angeles.

Napier's collection is not as big as those, but it is notably compact: half-an-hour's stroll will take you past most of it.

Oddly, it was only a decade ago that the locals realised just how unusual their town was. By this time, some buildings had already been pulled down, a process which is still occasionally going on, though today's replacements usually make a feeble attempt at the art deco look themselves. Since then, books and TV programmes have alerted New Zealanders to the value of Napier.

■ *Visitors can take guided tours of the town, while the museum offers audio-visual displays about the 'quake of '31. Information from Art Deco Trust, PO Box 248, Napier.* Art Deco Napier, *by Peter Shaw and Peter Hallett (Cosmos Publications, Napier, NZ$26.95), is a short, well-illustrated guide to the town's treasures.*

هكذا من الاعلى

New tracks along the Silk Road

STALIN and Mao never trusted one another, even when China and the Soviet Union were allies. So their plan to link China and the Soviet Union by rail through central Asia was never realised.

Not, that is, until the 1980s. By then the Sino-Soviet dispute was history, and people on both sides of the frontier were thinking more about trade than politics. So the Chinese revived the idea of a central Asian rail link. They went further, and proposed a new trans-continental rail link joining Europe with China, the North Sea to the Yellow Sea.

The proposal involved building a railway line across the mountainous border between the city of Urumqi in the far west of China and Kazakhstan: the railway Stalin and Mao never built. Last December 1 the rail link was inaugurated, and amid much pomp and ceremony the first freight train left the Chinese port of Lianyungang on the Yellow Sea, bound for Rotterdam.

There is not yet a trans-continental passenger express on the route. But there is a good second-best: a new express train from China to Kazakhstan, leaving Urumqi for Alma Ata every Tuesday morning. This train ride along the old Silk Road is irresistible – for us, anyway.

To travel on the Urumqi-Alma Ata express, our first step was to get to Urumqi. We had a choice between flying from Peking or stopping off along the old Silk Road en route. We chose the second.

We flew from Peking to Dunhuang, site of the world's finest Buddhist cave murals, and then took a train across the desert to the oasis town of Turfan. There we visited mosques, bargained for Uygur carpets, rode camels and climbed sand dunes (harder than it sounds). Then we hired a car and drove north-west to Urumqi.

For three hours we sped through the northern outskirts of the Taklamakan desert, the most awesome and barren mass of land in Asia. Then we wound through the pass between the gaunt and forbidding Tian Shan, the Mountains of Heaven. At last we drove down into the suburbs of modern Urumqi, now a bustling centre of frontier trade and tourism.

In the railway station at Urumqi the following Tuesday morning a sign in Chinese proudly pointed the way to "International Trains." There was only one train from Urumqi fitting that description. That was our express.

The carriages were smartly painted in green with yellow clover-leaf friezes. According to a plate on the undercarriage, they were made in Halle, eastern Germany.

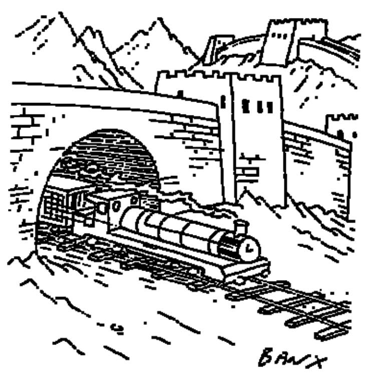
Our compartment was spotlessly clean – an echo of the immaculate days of Chairman Mao – and contained two couchettes, a table and a teapot. Every so often our Kazakh carriage attendant would replenish the pot from a state-of-the-art samovar at the end of the corridor. He wore a stiff peaked cap and stood to attention outside his carriage when the train stopped at stations. Otherwise he lay on his bunk in his vest.

The journey was a leisurely trip through space and time.

The Han Chinese faces of city people in Urumqi gave way to the more homely features of the minorities – Uygur, Kazakh and others – to be found in western China away from the main urban centres. Portraits of small-town frontier life passed our train windows.

Gradually, more and more Russian faces could be seen, rough-hewn at first, then more finely drawn. The landscape began to change, too. The land became more fertile, and vistas of barren mountains and brown stone wastelands gave way to fields of cotton and grain.

Our neighbours in the next compartment were too busy to observe all this. They were a delegation of Chinese railway workers earnestly preparing for a visit to the railway ministry in Moscow. Their interpreter was a warm-hearted Chinese woman who had learned Russian in the 1950s, in the heyday of the Sino-



Soviet alliance. She had not spoken or read the language for years, and now she was eager to brush away the cobwebs and start again.

With this in mind she helped us get to grips with the timetable posted in the corridor of the carriage. This was not so easy to do. It was not at all clear why the train was scheduled to take 10 hours at the frontier going one way, and four hours the other. Finally we worked out the answer: the timetable, issued by the government of Kazakhstan and printed in Russian, showed Moscow time.

From Urumqi to the border the train carried a Chinese dining car. By the time we found our way there the car's stock of local beer had been consumed, as we could see from the ruddy complexions of the diners. So we washed down our spiced meats and vegetables with a pink fortified wine from the Turfan vineyards.

Later, across the border, we found a Kazakh dining car in which we drank Russian champagne and dined on a banquet for the princely sum of $1 (our first experience of the collapsing rouble).

The border crossing from China to Kazakhstan was an elaborate affair. Mercifully, it took place at night, so we slept through most of it. There was much bumping and grinding as the carriages were adjusted to the broad Russian gauge, and much striding and searching as frontier guards and customs officers examined every inch of the train. Clearly they had been brought up to exercise authority the old way. At the same time they were trying to adjust to their changing rôle in the new era.

"Passports! Papers!" the Chinese customs officer snapped officiously as he flung open our door. But then he sat down and chatted for 20 minutes about China's open-door policy and investment prospects.

We received much the same treatment from the intent-looking Russian woman who rushed in waving a sheaf of forms. "Kazakh Aids certificate – government regulations!" she declared grimly. When we shook our heads and explained our ignorance, she smiled sweetly and hurried into the night.

As we approached Alma Ata on the second day, the white mountain range beyond the city made a glorious backdrop against the winter sky. When we drew into Alma Ata station we parted reluctantly with our travelling companions.

The carriage attendant beamed, but looked wary when we asked him to recommend a good hotel. How was he to deal with such innocents at large? He probably wanted to warn us about the perils of life in a market economy, or at least tell us how to bribe our way into a hotel room. In the end he said very little. As a result we learned the hard way, and found rooms very late that evening, only after lining our passports with large dollar bills.

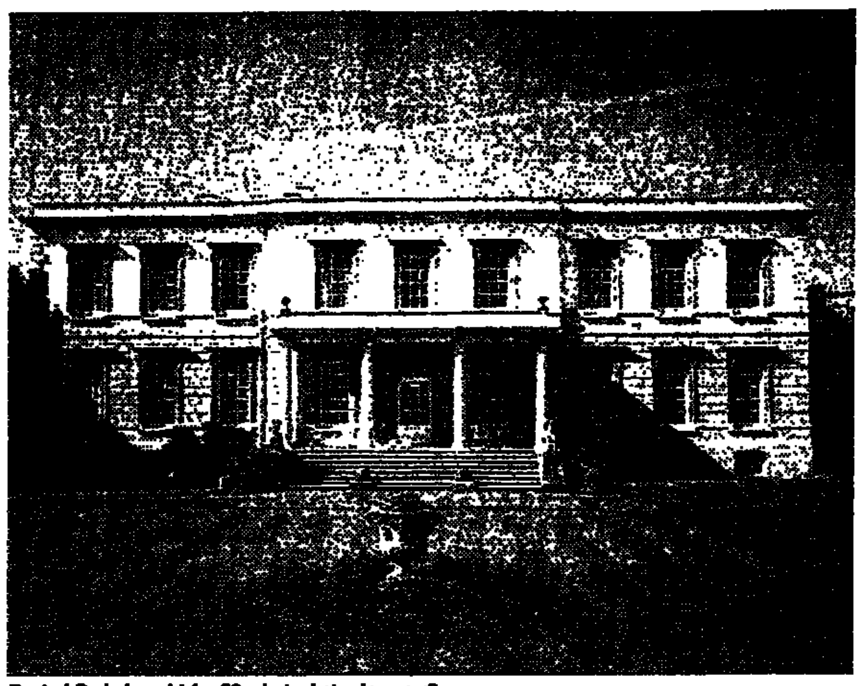
As for my friend from the Chinese railway department, she turned up once more in an unexpected setting. On the way to London from Alma Ata I stopped off in Moscow, where I lost my luggage at the domestic airport. She was on the same flight, and lost hers, too.

But she knew at once what to do. "Follow me", she said, and led the way out on to the tarmac. There, far away in the snow, was a pile of abandoned suitcases, including mine. "How did you know where to go?" I asked. But I knew the answer before she replied. Who better than a Russian-speaking Chinese, nurtured on the Sino-Soviet alliance, to understand how the Russian bureaucracy works, even today?

■ **Travel from Peking to Urumqi and on to Alma Ata by air and rail can be arranged through the China International Travel Service (CITS). Much the most comfortable hotel in Urumqi is the Holiday Inn, which can be booked through CITS or direct, tel: (0991)-218788, fax: -217077. There are several large hotels in Alma Ata. We stayed at the Hotel Otrar. Hotel bookings as well as bookings for internal Aeroflot flights can be made through Intourist. For these services local Intourist offices take payment only in US$.**

Peter Harris


The Old Forge at Windrush: sold for £190,000-plus


Buxted Park: bought for £6m but what price now?


The Grange at Wissett: memories of the Bloomsbury Group

Cadogan's Place

Racing prospect falls in the selling stakes

HOUSE SALES completed in July showed a predictable seasonal decline from June levels, according to the Corporate Estate Agents Property Index, but the market is still gaining strength.

Contracts exchanged in July for later settlement were at a peak for 1993, with a 3.2 per cent increase over June, and sales were 3.4 per cent up on July 1992 when the imminent ending of the chancellor of the exchequer's stamp duty holiday provided an artificial boost.

Sensibly priced property will sell quickly to eager buyers. In the Cotswolds, the Old Forge at Windrush went recently for a little over the asking price of £190,000 (through Hurley Lloyd Thorpe, at Stow-on-the-Wold). The Lewes office of Strutt & Parker sold two houses at East Hoathly, Sussex, for more than £400,000 on the same day: the Gate House (asking price over £425,000) and Spring Place (£395,000 for the house, with 37 acres extra).

Further north, however, joint agents Blenkin, of York, and DTZ Debenham Thorpe, of Wetherby, report that the Hambleton House racing stables near Thirsk, Yorkshire, with 25 loose boxes and 175 acres of gallops where Noel Murless and Jack Calvert have trained, did not make the £400,000 asked. The stables will be back in business soon.

□ CENTRAL LONDON has led the consolidation of the British property market since the pound was devalued on Black Wednesday in September last year and interest rates fell. Now, the market is suffering from a distinct lack of prime properties.

This has, however, not stopped Lassmans from selling 6 Farm Street, Mayfair, near the Jesuit church, for near the asking price of £1.7m for a 95-year lease.

The country market is more difficult. What is the right price for the handsome Buxted Park near Uckfield, East Sussex, now a country house hotel?

The electrical trades union EEPTU bought the 1726, Grade II-listed mansion in 1987 for £6m for the use of its members and others. Before that, it had been a health hydro and the UK home of the ruler of Abu Dhabi.

The EEPTU, now part of the Amalgamated Engineering and Electrical Union, refurbished it lovingly and opened it as a country house hotel in 1989. But it started in difficult times.

Buxted Park has yet to show a profit despite having conferences, a health club and all the conveniences guests/comrades could wish – such as a ballroom; private cinema holding 53; large, heated outdoor pool; park with a herd of fallow deer, and scintillating chandeliers. Inquiries to Savills (071-499 8644).


Thackeray's home in Albion Street, London

□ LITERARY HOUSES put a gleam in agents' eyes. You never know who will apply.

On the north side of Hyde Park, 46 Albion Street is a typical London terrace house with four floors, a garden, and a blue plaque in honour of the novelist William Makepiece Thackeray. It was his mother's and stepfather's house and he went to live there in 1837 with his bride Isabella (and, soon after, their child Anne). Chestertons Residential (071-262-5060) offers it for £525,000 freehold.

□ LOVE LIFE in the Bloomsbury Group was more complicated. Savills in Ipswich (0473-226191) and Durrants of Halesworth (0986-873797) are selling the half-timbered Grange at Wissett, Suffolk, where Vanessa Bell lived in 1916 with David Garnett and Duncan Grant after separating from Clive Bell. Her sister, Virginia Woolf, wrote: "Wissett seems to lull asleep all ambition – don't you think they have discovered the secret of life?" Available for £250,000.

□ WOOLBEDING GLEBE near Midhurst, West Sussex, a splendid 1747-cum-1877 old rectory with a garden running down to the river Rother, has links to a minor Victorian literary figure. The Rev. Francis Bourdillon, author of "The night has a thousand eyes" (in the *Oxford Book of Victorian Verse*), lived there as rector from 1855 to 1875.

His successor enlarged the house, adding a substantial library. Now, it boasts a swimming pool as well. Set in glorious country (much of which is owned by the National Trust), Woolbeding Glebe is on sale from Jackson-Stops in Midhurst (0730-812357) for £1.25m.

□ WESTWARDS, in Hampshire, Jane Austen and her brother Edward lived at Chawton, near Alton, from 1809. Her house on the estate belongs to the Jane Austen Memorial Trust and is open to the public but the big house, Chawton House, is in poor condition.

Its sale last week (with the adjacent Old Manor House and 275 acres of park and farm land) to the Leonard X. Bosack and Bette M. Kruger Foundation of the US should, however, ensure its survival. The foundation will restore house and gardens as a centre for the study of women writers. The asking price with agent Humberts Leisure was £1.25m.

□ ONE FAMILY has farmed at Wested Farm at Crockenhill, near Swanley, since 1908. Its 719 acres are 20 miles from London and a mile from the M25 and M20. Now arable, it used to be in fruit, vegetables and dairy cattle and could easily return to them. A tithe barn incorporates a cold store holding 80 tonnes and there are the necessary cottages and a farm manager's house. One of the lots is a ground let for £1 a year to the local football club. Knight Frank & Rutley (071-629-8171) looks for more than £2m for the property as a whole.

□ THE FALL IN prices since the 1980s, cuts in interest rates and inflation, and higher earnings for people with jobs have made houses more affordable than for many years. One unexpected consequence, says the Royal Institute of Chartered Surveyors, is that some buyers are ignoring the usual first step on the housing ladder – studios and one-bedroom flats. They are going straight to flats with two and three bedrooms and houses big enough for children.

□ DO YOU FANCY your very own tax haven? Then try Brecqhou, which lies just off Sark, in the Channel Islands. It is 1,000 yards long, 600 yards wide and rises to 240 feet with a manor house, dower house, four cottages, paddocks, helicopter pad and small harbour. Supplies arrive by an aerial cable trolley from Sark, useful in bad weather.

The price from Knight Frank & Rutley and Lovell and Partners (0481-723 636) is over £3.5m (at least some of which surely could be recouped from the tax savings) and the new owner gets the whole 80-acre island.

He also qualifies for a seat in the Chief Pleas, Sark's parliament, as well as joining its government (known as the Quarantine).

Gerald Cadogan

هكذا من الاعلى

Motoring/**Stuart Marshall**

VW updates little and large

AS THE major international motor shows in Frankfurt, London and Tokyo draw near, the steady trickle of new models turns into a flood. The latest are the Volkswagen Passat and Golf cabriolet. Britons will have their first chance to see them at the London show (October 21-31) some weeks after they have made their debut at Frankfurt, which opens to the public on September 11.

Neither car will go on sale in the UK until early next year.

When the Passat appeared in the mid-1980s, it was bigger and heavier than any previous Volkswagen car. At its launch in Britain, VW made the point amusingly in a television commercial: a Passat fell through a floor that had supported a Golf.

Owners, however, have appreciated its solid construction and, in the case of the Variant estate, massive carrying capacity. It is a worthy car; so worthy that I have always felt guilty at finding it rather dull.

If the present Golf cabriolet – still one of the darlings of the young and trendy – was a person, they would call it a wrinkly. It is based on the original Golf and has been around since 1979. But it has proved highly successful; Germans alone bought 100,000 last year.

The Cabrio was tough and, by open car standards, very safe. The body shook far less than any contemporary's on imperfect roads. A stout roll-over bar protected occupants if it overturned. Its down-side was a minute boot, cramped rear seats and a soft top that, while made beautifully, stood as high from the body when folded as that of a second world war German staff car.

The new Cabrio, based on the latest Series III Golf, still has a roll-over protection bar (VW says it would not make an open car without one). Boot and rear passenger space is more generous and the body feels even more rigid than before. The hood sticks up hardly at all when folded and power operation is an extra-cost option.

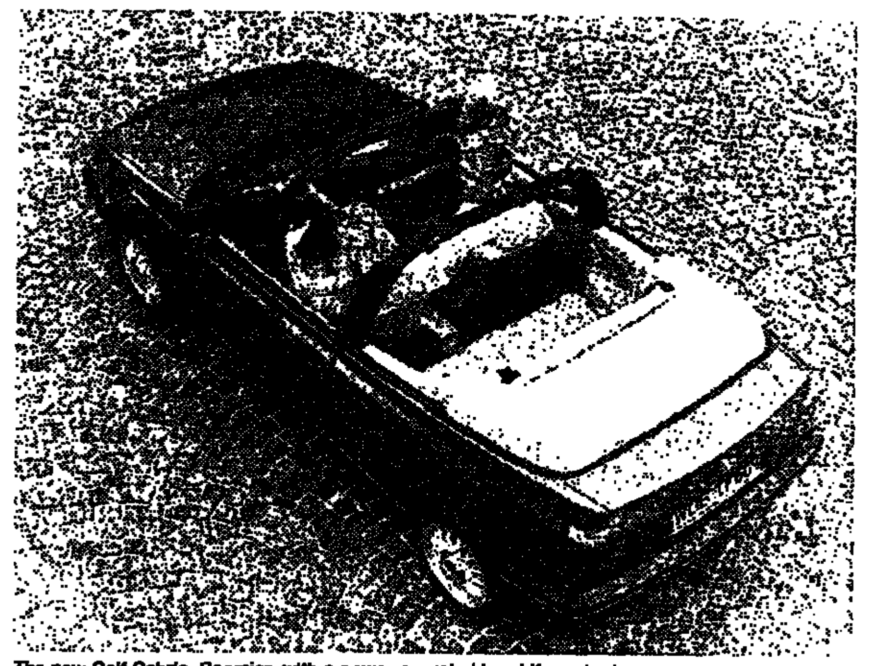
Driving it in Germany this week, I was impressed by the lack of wind noise or buffeting at quite high speeds. The Cabrio comes with 75, 90 and 115 horsepower engines and a five-speed gearbox with a shift matching the highest Japanese standards of delicacy and precision.

Britain will have only the 90 and 115 hp versions, which will be available with four-speed automatic transmission, but the two-pedal, 115 hp Cabrio was my favourite. Its probable cost will be close to £17,500 against a manual 90 bhp version's £14,500.

The Passat for 1994 has had a mid-life face-lift. A proper radiator grille has re-appeared by customer demand. But while styling changes make it look a little curvier, it is still too bland to turn many heads. Enhanced passive safety features include air-bags for driver and front passenger and seat-belts that tighten on impact, both as standard equipment.

Two of the most interesting features of the new Passats are the availability of Sycro four-wheel drive (initially, only in a 115 hp Variant estate) and a 90 hp, direct-injection turbo-diesel. This engine, first seen in the Audi 80, cannot equal the near-silence at low speeds of a Citroën Xantia's or Peugeot 306's indirect-injection turbo-diesel, but it is a spirited performer which is quiet over about 30 mph (50 kmh) and promises class-leading fuel economy.

The Passats, which have a pleasing, solid feel, can have anything from 75 hp petrol or diesel four-cylinder engines to a 174 hp petrol V6. Right-hand drive models arrive in Britain next January at forecast prices in the £13,000-£22,000 band.



The new Golf Cabrio. Roomier, with a power-operated hood if required.

Tennis/**John Barrett**

Courier faces the heat again

THE LAST great traditional event of the year, the US Open, starts next week in New York with record prizemoney of just over $9m, more than double what it was five years ago. There is equal prizemoney for men and women (an absurdity, this) and the two champions will each win $535,000.

Not that the players will be thinking about the money when they play. They never do; pride and ambition predominate. But there is an unusual sense of expectancy this year, at least among the men, where the battle for the No 1 spot is still raging fiercely. There is no clear leader. The three Grand Slam championships have produced three different winners, though the doughty American, Jim Courier, has been in in all three finals.

Last January he beat Sweden's Stefan Edberg in the sweltering heat of Melbourne. Then, on another hot day in Paris, he surprisingly lost the French title he had held for two years to Sergi Bruguera. At Wimbledon, on yet another scorching afternoon, fellow American Pete Sampras beat Courier – narrowly – on fast grass.

Will Courier triumph at Flushing Meadow to stamp himself unquestionably as the man of the year? That is a teasing question. The seedings say he will: having regained the world No 1 ranking with his victory last week at Indianapolis, the 23-year-old Floridian is the official favourite.

Yet this normally rock-hard competitor has displayed a soft centre at key moments this year, as he has done for the last two years in New York. In 1991, after storming through to the final, he was thrashed by Edberg with the finest tennis I have ever seen from the Swede. Last year Sampras thwarted him in the semi-final. Perhaps Courier's fine win over Becker last Sunday in Indianapolis will give him the confidence.

Sampras knows all about confidence – or rather, lack of it. In Indianapolis he was shattered by a 7-6 6-7 7-6 quarter-final loss to the 20-year-old Australian Patrick Rafter, ranked at 139. That defeat lost Sampras the top ranking and demoted him to the No 2 seeding next week.

Having now glanced at the draw, Sampras must feel that the fates are against him. Whereas Courier has the quietest section, with No 15 seed Cedric Pioline of France as his fourth round opponent, at the bottom Sampras must face Andre Agassi. Even though the erratic but colourful 1992 Wimbledon champion, described by Alistair Cooke as "the Las Vegas lollipop", has slipped to No 16, he will have a tremendous following among New York's crazy fans. Of course, both must win their first three rounds, but on the evidence of Thursday's draw that seems likely.

If he survives, Sampras will probably have a quarter-final against in-form Michael Chang who won in Cincinnati two weeks ago. In seven meetings since 1989 Pete has won only once. That was on a fast indoor carpet in Paris two years ago. In their five matches on hard courts Pete has won only one set. This is a psychological block that goes back to their junior days. Pete's best hope is that the powerful Czech left-hander Petr Korda (9) or last year's quarter-finalist, Wayne Ferreira of South Africa, who meet in a testing first round match, will beat Chang first.

The holder, Edberg, is also in the tougher bottom half. Seeded No 3 and as delighted with life as any new father, Stefan faces a fourth round meeting with an old enemy, Alexander Volkov. The 14th seeded Russian upset Edberg dramatically in the first round in 1990. The winner is due to face Michael Stich, seeded No 6, another who always gives Edberg trouble. The German has won three of their last four meetings.

The top half, though weaker overall, has its strong sections. Below Courier are the tall Ukrainian Andrei Medvedev (8), a winner of three titles already in 1993, and the tall Dutchman, Richard Krajicek (10). They have met twice. Last February Krajicek won indoors and in April Medvedev prevailed on clay. However, Krajicek could easily lose to his probable third round opponent, Todd Martin. The fast-improving Martin has risen to a career-high ranking of 17.

The continuing absence of defending champion Monica Seles has robbed the women's game of any real interest. Since Seles was stabbed at court-side in April, Steffi Graf has dominated. She has won seven tournaments this year and should add an eighth in New York.

But perhaps Martina Navratilova will give us a last hurrah. At the age of 36, Navratilova should not really be capable of taking this title for the fifth time. But how do you write off someone who won her eighth Los Angeles title recently to bring her career record of tournament victories to 165?

I am particularly looking forward to the first live use of TEL on four of the show courts. This automatic line call system is the first to cover all the lines of the court. After pressure from the players there will be linesmen, too – a sensible decision which should rule out any uncertainty on those calls beyond the system's 1ft range.

HOW THE SEEDS WOULD MEET

MEN

1 Courier v 15 Pioline; 10 Krajicek v 8 Medvedev; 4 Becker v 13 Lendl; 11 Ivanisevic v 5 Bruguera; 6 Stich v 12 Muster; 14 Volkov v 3 Edberg; 7 Chang v 9 Korda; 16 Agassi v 2 Sampras.

WOMEN

1 Graf v 13 Pierce; 15 Coetzer v 5 Sabatini; 4 Martinez v 11 Maleeva-Fragniere; 9 Huber v 8 Novotna; 7 Capriati v 10 M Maleeva; 12 Sukova v 3 Navratilova; 6 M J Fernandez v 16 Garrison Jackson; 14 Tauziat v 2 Sanchez-Vicario.

Cricket/**Teresa McLean**

The virtues of straight bat and twisting ball

MORTIFIED by my small son's return from a cricket coaching course stiff with straight bat instructions, I watched the Oval Test with renewed admiration for the Australian batting. Not that the Oval displayed this at its best; no less than three of the tourists gave their second innings wickets away with ill-judged hooks or pulls. But there were still many examples of the correctness that has distinguished and strengthened Australian batting this summer.

"Play forward and play straight with bat and pad together." This principle of safety is obviously as central in Australian first class coaching as it is in the coaching my son received. So much the better for Australia.

When they attacked, accomplished batsmen such as Mark Waugh and David Boon sometimes branched out into a repertoire of more individualistic shots. But most of the time the middle and lower order played straight and did well out of it.

Never one to miss fame as a wild and swinging exception, Merv Hughes got himself out for 12 runs with a wayward hook in his second innings at the Oval, making a total of 999 runs in his Test career. Most likely he could not resist having a go at the English bowling. It had little of the ferocity with which Curtly Ambrose's seven for 25 and Ian Bishop's six for 40 devastated the Australians at Perth and won the West Indies v Australia series last winter.

England at the Oval were a milder proposition. They were slow, as they have been all summer long, to remove the Australian tail. Even with the match well in England's favour, they could not prevent bowlers Paul Reiffel and Shane Warne putting on a ninth wicket partnership of 74, before Angus Fraser finally took both wickets.

That is why Devon Malcolm is at once a healthy and a difficult transfusion. He failed to blast out any tail-enders at the Oval, probably because he concentrated on pace at the expense of length and accuracy. He bowled a fair bit of rubbish, some exotic, some just misguided, all fast. Openers Michael Slater and Mark Taylor both looked distinctly alarmed by Malcolm's bowling, which Atherton used rightly, in short, erratic, frightening bursts.

I doubt if destiny meant Malcolm to be England's perfectly controlled modern answer to the West Indies' Whispering Death, Michael Holding, but his aggression did sharpen England's bowling attack. Pity the Ashes were already lost. Australia too lacked real pace this summer.

Hughes bowled tirelessly, cleverly, with variation and quite but not really fast. With an unfit Craig McDermott flown home early in the tour to convalesce in the shade of the Queensland gum trees, Hughes was left to spearhead a bowling attack consisting only of himself, Reiffel and relief bowler Steve Waugh, punctuated now and then by apprentices Brendon Julian and Wayne Holdsworth.

Australia's bowling strength was their spin, especially Warne's leg-spin. On different occasions his corkscrew spinners removed old hands Mike Gatting and Graham Gooch with balls that twisted across behind their legs to hit the stumps. For Robin Smith, spin is bad news; leg-spin is disaster. He never had a chance to play his shots because he could never follow the ball.

With Ian Salisbury not playing, England had no leg-spin reply. A sad feature of English bowling in this series was its lack of occasional bowling, which can be a useful hidden weapon. Atherton used to bowl a few leg-spinners, as did another English opening batsman, Bob Barber, a generation before him, to good effect. Occasional bowling often serves to break up long partnerships. Gooch always seemed to distrust it. He did not like trying out his own offerings of slow medium pace, even while Steve Waugh was claiming English victims with his.

I was glad to see Atherton try Graham Hick's off-breaks against Australia. They are full length, slow and floating, aggressive because they are tempting, and add an element of the unexpected to the bowling. England's main off-spinner this summer, Peter Such, bowled efficiently and economically, but in the later games it looked as if he saw his job as containing rather than trapping and he gave the ball little air or flight.

A partner in spin at the other end would have helped him develop his bowling, as Warne helped off-spinner Tim May in the Australian team. The more May played, the more he tossed the ball up and the more tricks he tried, his wicket-keeper poised to profit.

Slow bowlers and quick keepers are mutually flattering. I do not think Tim Healy is a great keeper, but he is one whose close work with his spinners is building up confidence all round. A keeper who can bat well, as Healy did, to England's cost, generates more initiative in a team than a batsman who can keep wicket if necessary, like Alec Stewart.

Stewart was good-humoured about his failure to take over the captaincy from Gooch. His light-footed batting was a pleasure to watch and with a steady batting position, preferably as opener, his defiant shots might demoralise some of the West Indian fast bowlers.

Stewart is a superb fielder and I would like to see him freed from behind the stumps. Then he would perform fewer of the premature celebrations and histrionic appeals at which he excelled this summer.

Both England and Australia used these tactics constantly to try and persuade umpires to raise the dismissal finger. Though I doubt if they were responsible for producing what seemed to me to be an unusually high number of questionable and mistaken decisions, they must have unsettled both umpires and players.

I regard false appeals as a lower form of sporting life, unworthy of cricket. Caught behind is one of a modern umpire's nightmares. With so much medium pace bowling relying on swing and bounce for its wickets, no-one knows for certain whether the ball touched the bat, re-plays are often no help and only the umpire can decide, to the inevitable disapproval of either bowler or batsman.

In his second innings at the Oval, Michael Slater suffered a caught behind decision where the fatal touch was right up on his elbow and, in sporty mood with the Ashes safely secured, said: "It's just one of those things."

Next time England want good relations but from a differently tilted balance of success. Their Oval victory, though not crucial and slightly false in a way, was good for their crushed morale. A touch of pace, a turn of spin and a thoughtful captain . . .

Ben Radford

The world in his fingers: Shane Warne winds up for another leg-break

Gardening/**Robin Lane Fox**

Magnificent magnolia

THIS WEEKEND sees the abrupt end of the yearly return on my garden's longest-running investment. I do not mean the swimming pool, which has now drowned its yearly quota of hedgehogs and is staying open in the hope of drowning a few squirrels. I mean my magnolia. Magnolia grandiflora has opened, flowered and turned brown, leaving me wondering if the wait has been worth it.

Experts have no doubt. In his classic book, *The Well Tempered Garden*, Christopher Lloyd writes that this magnolia: "is the shrub for whose sake any outmoded old parsonage, however riddled with dry rot, should be acquired with enthusiastic pride." In my case the old vicarage came first, then the dry rot, and then the magnolia.

I am a magnolia missionary, and missionaries usually have been converted, too. Twenty-two years ago, I was converted by a single grandiflora which had grown to the eaves of a great Elizabethan manor of pinkish stone in Somerset, where it released occasional flowers from the candle-shaped buds.

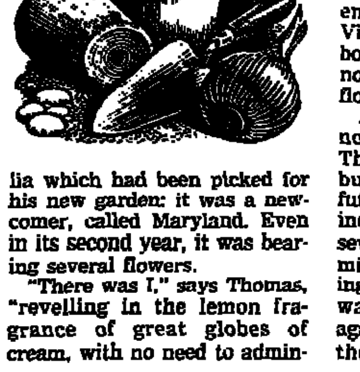
the Elizabethans would never have seen a grandiflora. Its home is in the American south and it did not arrive in west country gardens until the early 18th century (although another fine evergreen, Virginia, got to England before 1700 and can still be seen in quantity in Florida, even on swampy ground).

Grandiflora also migrated to the Mediterranean. Perhaps it occurred only in the 19th century. It certainly suited the migrant. In England, a grandiflora may produce one flower to every square yard of greenery. In Italy, they are mesmeric, growing freely in the open to the height of tall trees in the parks of great villas from the Veneto to Tuscany.

In England, we have to wait for flowers until summer and, even then, they appear only if you have observed an essential warning. Grandifloras grow freely from seed, but seedlings vary and, in Britain, most refuse to flower. Christopher Lloyd referred in 1970 to one seedling, probably aged 50, which had still to flower for the first time.

The only way to buy a grandiflora is to buy one grown from a cutting off a proven flowerer. Cheap stock is useless. I had often suspected that the Italians would simply sow seed and get away with it in their hotter sunshine. But as you drive from Pisa airport into Florence your first, fine foreign impressions are the nurseries which grow big grandifloras, trees which the great Italian artists never saw.

I did my homework six years ago. In his useful book *Three Gardens*, the great plantsman, Graham Thomas, prefaces his usual lists of plants with chapters of brief reminiscences. He describes the evergreen magnolia which had been picked for his new garden: it was a newcomer, called Maryland. Even in its second year, it was bearing several flowers.



"There was I," says Thomas, "revelling in the lemon fragrance of great globes of cream, with no need to administer potash or any other plant medicine."

In 1988, I ordered my Maryland, paid a suitably high price and put it, facing south, between two windows. Maryland is not a pure grandiflora but it has the best of both American bloodlines. One parent is grandiflora, the other Virginia. It is a southerner on both sides of the blanket but, nonetheless, it is supposed to flower before all others.

After three years, I started to notice growth, not flower. Thomas did refer to "great bulk" for Marylands of the future, although his check-list indicates only "eight feet by seven feet." In its sixth season, mine is 10ft high already, bulging forwards, branching sideways, and grating testily against the windows whenever the wind moves the side branches. Everybody is adamant that these magnolias should not be pruned, and Lloyd even says owners should sit indoors in gloom rather than cut their way out.

In the fifth year I had one flower, and this year we have gone ex-dividend at three, which I would represent as a tripling of output if I was writing a report for the market. But this result is not Maryland as Thomas describes it.

Like many others, I think I have bought Exmouth, although they asked for it and I did not. Exmouth is a respectable senior citizen: the first batch of grandifloras in England all died in frost late in the 1730s, and one of the few which re-established was in an Exmouth garden in Devon. At the time, nurserymen travelled happily to pay five guineas for a slice of the tree.

Exmouth is supposed to flower within seven years, so I suppose that mine could be warming up. Meanwhile, what can we all do about that persistent problem, reluctance to flower on this great evergreen?

Perhaps you own a seedling from the past which has virtually no intentions of flowering. If so, you should curse the previous owner and decide if you are sufficiently fond of leaves alone. Otherwise, you can try heavy dressings of potash, applied in springtime, or some artful pruning.

It is no use cutting back the top growth because you will only stimulate more growth and delay its ripening into wood for flowers. Instead, you might try ringing. You should cut away a strip of outer bark, about a ½in wide, near the base of the tree and run it three-quarters of the way round the trunk.

The job is best done early in the year as its aim is to prevent too much sap from rising and forming leaves, not flowers, above. The strip should not be taken too deeply, and on no account should you continue the ring right round the trunk and allow the ends to meet. Otherwise, you will cut off sap altogether.

The final option is to be more insistent than I was and to profit from the intervening years of demand. Maryland is scarce but sometimes available, and if you insist on seeing it and having it verified, you might be looking at cream globes in 1996.

If you start the hunt, do not let the price deter you: if you track the right variety, you are saving yourself between five and 20 years' delay. It is no use complaining at the price of a short-cut to one of the best scents in the world.

BOOKS

RONALD Paulson's biography of Hogarth appeared originally in two volumes in 1971. In the intervening 22 years much further research on Hogarth and his period has been accomplished. Not least by Paulson himself, who is Professor of Humanities at Johns Hopkins University in Baltimore. Constantly widening his already encyclopaedic knowledge of this artist, Paulson arrived some time ago at a point where he has was moved to cover the whole ground again. He was especially enlightened by spending a week at the Tate scrutinising the Hogarths in the exhibition of 1971 before it opened.

In 1991 Paulson published the first volume of a greatly revised biography, *Hogarth: The Modern Moral Subject, 1697-1732* (Lutterworth Press £35) and in 1992 the second, *Hogarth: High Art and Low, 1732-1750* (Lutterworth Press £35). With the appearance of this final volume, Paulson sets the seal on a major work of scholarship that includes both interpretation of all the works and biographical narrative.

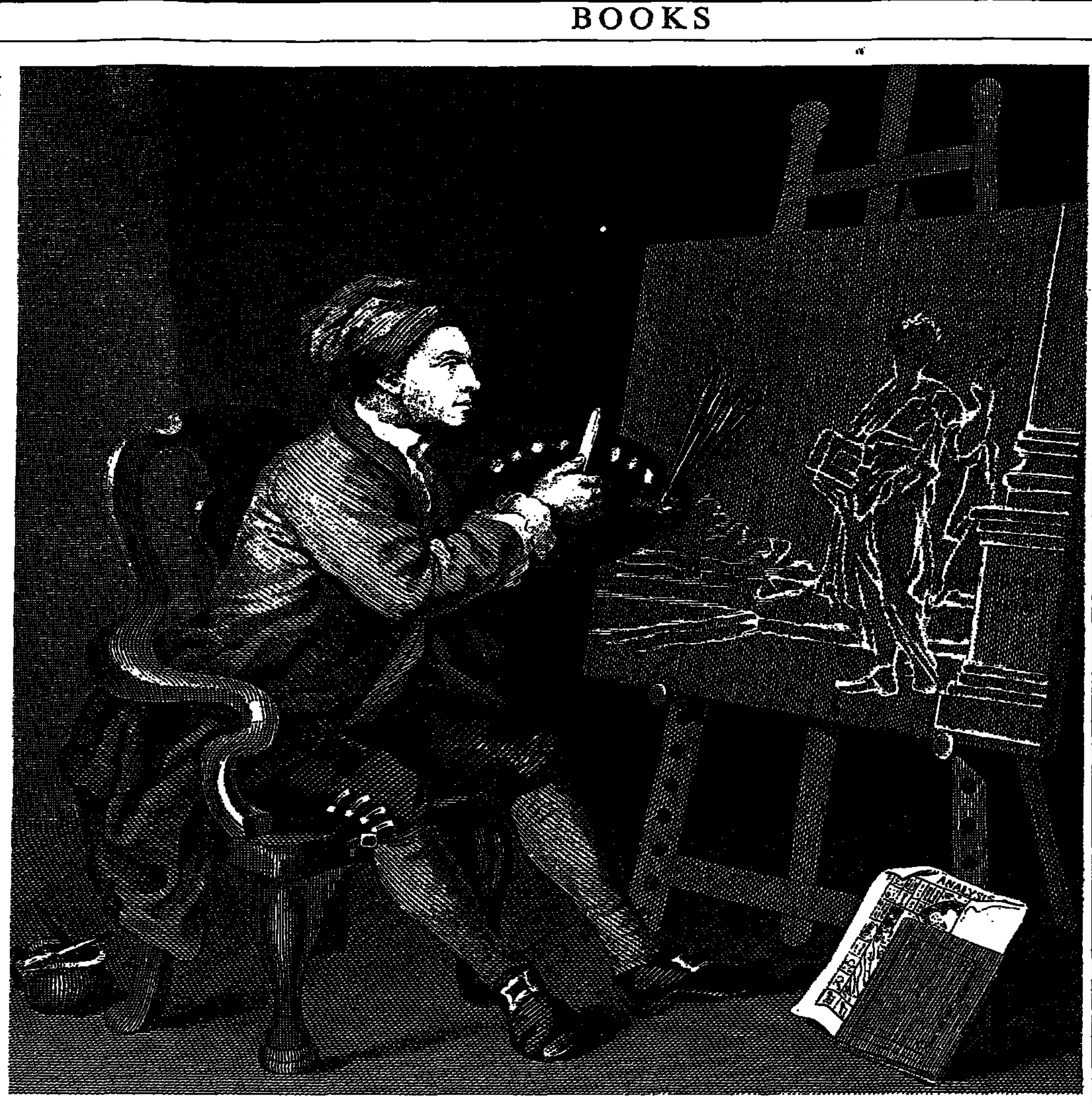
Hogarth's paintings and engravings were executed over a time-span that begins in the period of Addison's *Spectator*; which he regarded as a kind of Bible, and continues through the high Augustan era of Pope and Swift into the world of Dr Johnson, Garrick, Goldsmith. Although not as phenomenally successful as his younger rival Reynolds, Hogarth represents a much more significant response to the political and cultural development of the period. Queen Anne died when he was three; George III was on the throne when Hogarth himself died, aged 67, in 1764.

There are many points at which his work touches on contemporary literature. Fielding was a friend and colleague: both as a novelist and as a magistrate he shared Hogarth's concern about public order and his dread of anarchy. Smollett was an enemy who satirised Hogarth as Mr Pallett in *Peregrine Pickle*. Sterne's way of writing fiction was positively Hogarthian. Defoe and Richardson both come into the Hogarth story. John Cleland's *Fanny Hill* derives from Hogarth. Paulson raises his eyebrows at the absence of any tribute to Hogarth in Ian Watt's standard *The Rise of the Novel* and similar studies.

Hogarth was likewise deeply into poetry. One of Hogarth's earliest works was a set of illustrations for the verse satire that preceded those of Pope – Samuel Butler's *Hudibras*. Hogarth's genius for ridicule was already riotously in evidence here. Busy crowded woodcuts foreshadow his main painterly innovation – a pictorial work in consecutive parts, delineating the progress of an anti-hero, or an anti-heroine, containing coded references to historical and contemporary people. The tradition of the "political cartoon" later developed by Rowlandson and Gillray stems from Hogarth.

The *Hudibras* illustrations were followed by *The Harlot's Progress* – a close kinship here with *The Beggar's Opera*, which Paulson sees as the transitional work of the whole period and which Hogarth also illustrated. Then came *The Rake's Progress* – a set of paintings aimed at a single purchaser, accompanied by a parallel edition of prints for popular consumption that were sold to the public by Hogarth from his workshop on subscription. This doubling of painting and print was his usual practice: the prints were not mere copies but often differed in points of detail from their originals.

In London, where Hogarth lived for his entire life, we are fortunate that much of his best work is easily accessible, not only in galleries like the Tate but also in those institutions with which Hogarth was associated:



Hogarth: a self-portrait. Famous for his anti-heroes and heroines, he was also friend and collaborator with contemporary novelists and poets

Hogarth: high art, low life

Anthony Curtis on the the man who invented the political cartoon

Captain Thomas Coram's hospital for Foundlings of which Hogarth was a governor – he designed the children's uniform – and St. Bartholomew's hospital. Above all, there are the 12 fine Hogarths purchased by that great 18th century collector, Sir John Soane, architect to the Bank of England.

They are on view in the Sir John Soane's Museum, 12 Lincoln's Inn Fields. They consist of the eight original paintings of *The Rake's Progress* series and four large canvases done in the last decade of Hogarth's life when he was exercised by the corruption evident in party politics – *An Election*. Paulson deals with this sequence in fascinating depth, showing the contempt that Hogarth had both for the candidates and the mob.

It was not only party politics that preoccupied Hogarth at this time but also the politics of art. As a youth he served his apprenticeship as a silver-plate engraver; he left his master before completing his seven-year indenture; then he became an assistant to Sir James Thornhill with whose daughter Jane he eloped. Setting up on his own as an artist-dealer in 1720, he was much concerned about the protection of engravers' copyrights in their own

HOGARTH: ART AND POLITICS, 1750-1764
by Ronald Paulson
Lutterworth Press £35, 568 pages

prints against pirates and succeeded in getting legislation through Parliament in favour of the artists. He was active as an instructor at the re-formed St Martin's Lane Academy and he joined the newly founded Society of Arts, Manufacturers and Commerce (now the RSA) where the first annual exhibitions of paintings in London were held.

Led by Reynolds, many leading artists left the Society and lobbied for an English Academy on the lines of those in France and Italy. When this resulted in the formation of the Royal Academy in 1768, Hogarth parted company from them. He opposed the emphasis the Academy put on the copying of canonical Renaissance models (prescribed by Reynolds in his annual *Discourses* to the students). By contrast Hogarth believed that they way forward for art in England was by direct, honest, often scurrilously subversive observation.

Much of Paulson's final volume is taken up with Hogarth's theory of art. Hogarth expounded it himself in *The Analysis of Beauty* in 1750 both in a text and in two engravings. His gesture against the formal symmetry of the continental ideal was to point to the wavy line, the sinuous shape made by the letter S, as the basis of the Beautiful. His first print shows a painter's yard full of statues in S-shaped poses and surrounded on its border by stays, furniture and other examples of the S-bend. The second print shows the S-shape as formed in their movements by a group of dancers at a ball who are doing a minuet. The shape is wayward and variable – elements of variety and surprise were crucial to his theory of art. Looking at a painting also implied search. The spectator is encouraged to observe the picture closely and decode it.

Here Paulson is invaluable. His glosses on the proliferation of emblems and allusions in Hogarth's work amount to a social history of the period. In his concluding chapter Paulson deals with Hogarth's last drawing, *Tail Piece or The Bathos* made in 1764. At this time Hogarth was under attack from the poet Churchill and in contention with both Burke and Wilkes. He inscribed on it in capitals the word FINIS, a sentiment that will now be echoed by his biographer, with a justifiable sense of triumph.

A novel imperialist

***J.D.F. Jones** discusses the life and genius of Rider Haggard*

IN 1885 a young Norfolk barrister called Rider Haggard, who had an adventurous spell in South Africa already behind him, took a bet from his brother that he could not match a new best-seller called *Treasure Island*. In the two years that followed, in a well-nigh unbelievable burst of creative and imaginative energy, Haggard wrote and published *King Solomon's Mines*, *Allan Quatermain*, *Jess* and *She*.

After that, it is hardly surprising that the remaining 38 years can sound anti-climactic, although they were undeniably distinguished, successful and lucrative. Tom Pocock, who is a veteran Fleet Street journal-

RIDER HAGGARD AND THE LOST EMPIRE
by Tom Pocock
Weidenfeld & Nicolson £20, 263 pages

ist and an experienced biographer, has produced a brusque, no-nonsense, no-padding life story of a fascinating man in which he acknowledges that his aim has been to concentrate not so much on the novelist as on the public servant, above all on the visionary of the British Empire.

This is the first biography for over ten years and it tells a fairly familiar tale to good effect. The boy was denied a gentleman's education by his Norfolk squire father and sent off to South Africa in 1875, in time to hoist the Union Jack over Pretoria in the British annexation of the Transvaal – and also to meet a certain Umslopagaas and fall for the Zulus. He became the youngest Registrar of the High Court, farmed ostriches in the middle of the first Anglo-Boer War, and came home to the boredom of barristers' chambers where he found rapid fame and fortune with his Africa-inspired fantasies.

After some years of this, Mr Pocock claims, Haggard realised he had perfected a novelist's formula which was a licence to print money, and for the rest of his life he churned out the fiction – he wrote 58 novels, most of which are utterly forgotten today – while getting on with his real interests. He was passionately concerned about agricultural reform, land settlement, and the future of the Empire.

He was no blimp and certainly not a conventional Tory. But he believed in "the divine right of a great civilising people"; he wrote, "on only one condition . . . have we the right to take the black man's land, and that is that we provide them with an equal and just Government, and allow no maltreatment of them . . . but on the contrary do our best to elevate them and wean them from savage customs. Otherwise the practice is surely indefensible." His imperialism linked logically with his concern for the health of British agriculture, which was central to the empire's economy.

His particular concern was to promote the (white) peopling of the Empire – "the great house with the empty rooms", as he once put it in a vivid phrase – and he served, unpaid, on a long sequence of royal commissions and the like, travelling the world to promote policies which were almost all rejected by Westminster.

After the death of his beloved nine-year-old son, his life was gloomy: Pocock is good on the pessimism, in the post-1918 years, of upper-class imperialists like Haggard and his great friend Kipling. Meanwhile Haggard supported Lily, the First Great Love so often glimpsed in his novels, in a house in Aldeburgh (later to be occupied by Britten and Pears) as she disintegrated, Ayesha-like, from the syphilis her husband, Haggard's rival, had given her.

All of this is well enough done, but Mr Pocock must have realised that he is in danger of having written Hamlet without the Prince. The truth is that Haggard is principally interesting because he wrote a sequence of remarkable fictions which, a hundred years later, continue to haunt our imagination (Pocock's title, with its echo of Haggard's influence on present-day dramas like Indiana Jones, suggests that he admits this). See Pocock's glancing reference to *She*, where he merely footnotes a reference to the book's later interest for Jungians and Freudians and then skidaddles away: this really won't do, we deserve to be told just a little more. To ignore the books, without whose existence we would not be reading this biography, becomes perverse: I cannot believe that Haggard was so uninvolved in these tales which he dictated every day, and I begin to doubt whether Mr Pocock has actually read many of the novels he lists – but that, I am sure, is an unworthy thought.

Let us remind ourselves, then, that Haggard was a popular novelist of genius who also happened to be a Norfolk farmer and a man of public affairs. In that order. Let's remember the best of his novels are unforgettable because their resonances and references belong to the world of universal myth. As C.S. Lewis once wrote, "Haggard's best work will survive because . . . a great myth is relevant as long as the predicament of humanity lasts." Less elegantly, V.S. Pritchett has written of Haggard letting down a suction pump into the Unconscious. It would be good to read more about this and less about Sir Rider's activities for the Royal Colonial Institute in 1916.

Storyteller weaves magic with myths

ROBERTO Calasso's *The Marriage of Cadmus and Harmony* has been celebrated around the world this year, and it is necessary to ask why. This is not just a retelling of Greek myth, nor even a brilliant evocation of the classical world. It offers itself as much more: a recreation of myth for the modern imagination and so, in some sense, a new myth, composed both of the ancient stories and of the meaning which a 20th century sensibility can make of them.

This makes it a formidable blend of two kinds of minds that often exclude each other – the poetic and the analytic – where the gods are both overwhelmingly present and figures for thought. Calasso gives us the original Greek myths and a reflection upon those myths, both story and interpretation, image and commentary, sitting down side by side with each other as once happened with gods and mortals until Cadmus brought the alphabet to humanity and the gods withdrew into our indifference.

But *why* does it work? Primarily because Calasso is an enchanting storyteller, weaving his tales together with all the craftsmanship of the bard in the market place, bewitching his audience with iridescent images and poignant dramas, then drawing them subtly into discussion and, suddenly, secular perspective.

For instance, while he is giving us Europa barely lifted above the waves by the shuddering bull, Zeus, in his race to Crete, Calasso mentions in passing the Linear B tablets and the fact that all Cretan stories have a bull at the beginning and the end. As he ranges from Homer through Pindar, Herodotus, Ovid and many others to Nonnus, the little-known 5th century AD Hellenised Egyptian writer, he achieves many fascinating insights into classical myths, and into the nature and persistence of myth in general: as when Harmony, trying but failing to resist marriage to Cadmus, understands "that myth is the precedent behind every action, its invisible, ever-present lining". Or, as the fate of Socrates showed, "we enter the mythical when we enter the realm of risk, and myth is the enchantment we generate in ourselves at such moments."

Yet the book seems to me to contain a danger which is probably inevitable and a flaw which is not. The danger is that this particular style, suspending all our disbelief, invites us to receive Calasso's interpretations as a part of the story, and so to lose the difference between the Greek and the modern eye, which has so much to teach us. When, for example, following the entrancing story of Theseus and Ariadne, we read that "the heroic gesture of women is betrayal" and find Ariadne classed with Antigone on the grounds that they were both the ruin of their cities, we may wonder wearily if classical heroines are doomed to suffer the same fate as Eve. "Antigone betrays the law of her city to make a gesture of mercy toward a dead man who does not belong to that city." On the contrary, Sophocles' emphasis is on the nobility of the sacrifice of her own life for love of her brother against the tyrant Creon, the tragedy of individual value asserting itself against the collective rule of law. Myths of other cultures offer a unique perspective on our own culture and we have

THE MARRIAGE OF CADMUS AND HARMONY
by Roberto Calasso
Jonathan Cape £14.99, 403 pages

always to guard against reimagining them in the image of our own one-sidedness.

Another consequence of this blend of modes of discourse is that we have to take the whole story just as he tells it, as, it might well be argued, we do with any storyteller. But many of these characters are already known to us and have a distinct place in the way we think of things. Without demanding that there be only one version, are we not entitled to pursue these figures independently in the other paths they take in the tales he tells? When only the sources of direct quotations are given, but not the sources of reported speech of which most of the book is composed, we cannot carry our reflections further ourselves. The omission of an index (and a bibliography) also limits the ways we can approach the book: perhaps Calasso is frustrating any use of it as a dispassionate reference book; perhaps he's trying to let the stories live on their own?

The flaw is that on occasion he takes the characters out of their separate stories and makes them a composite character, spanning many centuries and embracing incompatible extremes of behaviour, and this confuses the identity of figures we know. He fails at times to honour the integrity of the particular poems and stories which first gave the figures their habitation and their names. In this way, he allows myth to subsume literature, forgetting that it is literature that gives voice to myth.

Myth then becomes a generalisation from literature instead of emerging as a certain depth of resonance in poem and painting which allows an opening into the mythic realm. The Homeric Hymn to Demeter, for instance, which he relates beautifully and at length, so that we enter with delight the particular imaginative world of the seventh century BC poem, is suddenly interrupted with the goddess Demeter's giving of herself "illicitly" to King Celeus, according to an obscure scholiast, Gregory of Nazianzus, a fourth-century AD saint. We have instantly to abandon the Demeter of the Hymn whose awesome presence, when she revealed herself, terrified Celeus and all the sons of Eleusis into building her a temple immediately.

Even more disturbing are Calasso's several stories of Odysseus, where he moves from one to the other without indication. But Homer's Odysseus is not the same Odysseus as Ovid's; those yet to read the Odyssey will not be assisted by first learning of Penelope as a "whorish fox" and the mother of Pan, from Lycophron 400 years later (who he?). This skimming across stories, all apparently of equal weight, may do for a sociology of myth but stops working once we engage with art.

These reservations are not intended to diminish Calasso's achievement in bringing the classical world to life. That the book has rapidly been translated into many languages points not just, in the waning of our Christian age, to a release of the old myths, once dismissed as pagan ignorance and excess; nor only to a vital reclaiming of classical culture in a time when Latin is no longer compulsory and Greek is rarely studied. Maybe it has also kindled a recognition that myths, telling a universal story, survive the death of the particular culture which first told them, simply because they belong to our specifically *human* inheritance. As the American mythologist Joseph Campbell once put it: "The latest incarnation of Oedipus, the continued romance of Beauty and the Beast, stands this afternoon on the corner of Forty-second Street and Fifth Avenue, waiting for the traffic light to change."

Jules Cashford

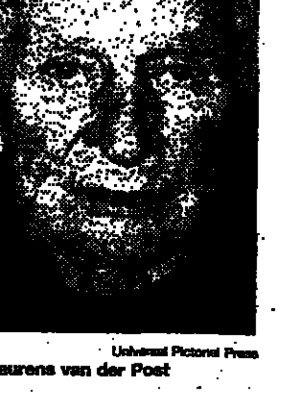
Mystic meditations

SIR LAURENS van der Post has led a life of adventure – soldier in the jungles of the Far East, explorer of the deserts of Southern Africa, great white hunter. Like a character in a John Buchan novel, he is equally at home in tent and palace, welcomed, trusted and consulted as sincerely in Botswana as in Belgravia.

Unlike the predecessors who trampled uncomprehendingly over local cultures, he was sensitive and sympathetic. He understood that simple technology does not imply simple minds; that peoples without books may share rich resources of legendary traditions; and that those whose lives are precariously balanced retain an understanding of the changing seasons, the vital force of rain and sun, our kinship with animals, and other aspects of humanity which are lost or obscured in the comfortable West.

Van der Post wrote marvellous books. He was quick to exploit television when it was new and to help change old attitudes. To the post-imperial generation brought up in this country after the war, as well as to recent environmentalists and conservationists, Laurens van der Post is a modern hero.

His new book *The Voice of Thunder* brings together two pieces written some years ago, "The Little Memory" and "The Great Memory", and a recent essay, "The Other Journey". The earlier pieces



Universal Pictorial Press
Sir Laurens van der Post

THE VOICE OF THUNDER
by Laurens van der Post
Chatto & Windus £15.99, 229 pages

are classic van der Post, part autobiography, part good yarn about the desert, interspersed with observations and speculations about how the bushmen of the Kalahari see the world and how we can share their wisdom.

The new essay has no narrative, it is an old man's meditation on the story of the *Odyssey*, the perpetual cycle of departure, return and departure which he sees as intrinsic to all lives.

As he has grown older, van der Post's mystical streak has become more pronounced. He is sure he has a message to pass on, but it is hard to pin down what exactly it is. The ancient Greeks would have recognised his awe at the power of nature as a sense of the divine, Pan in the woods, Nereids in the Ocean, without implying a personal deity or an intended discoverable design. The romantic poets shared his vision of the mountains, the torrents and the deserts as metaphors of the tempests and aridities of life. Jung, whom van der Post knew personally, suggested the concept of the collective unconscious, the cumulative effect of heredity and experience, which is unique to each individual but of which a good deal is also shared with other human beings.

Van der Post sees a revealed secret in the urge of the unconscious to become conscious. Perhaps, he suggests elsewhere, everything in the universe is synchronised. The metaphor of a journey can give shape to recurring patterns in human lives. Mixing personal experience with fragments of science, myth and literature, drawing on a quotation here and a famous name there, van der Post constantly risks appearing banal and confused. He is a remarkable man, but wonderment and benevolence are not, by themselves, enough to make a poet or a philosopher.

William St Clair

FT Children's Book of the Month

New life for classic tale

ROSEMARY Sutcliff, one of the greatest authors of historical fiction for children in the 20th century, died at the age of 72 in June 1992. The daughter of a naval officer, she had a peripatetic childhood. She suffered throughout her life from a condition known as Still's Disease which confined her to a wheelchair for much of her time. Of her disabilities she once wrote, touchingly: "There's a great loneliness about having any kind of handicap in a world which in general doesn't, however much you get to the stage where neither you nor anybody else notices. You tend to create somebody on your side of the barrier who will talk your own language."

She had little formal education, but was a voracious reader, being especially fond of history, legend and myth – subject areas that she would make her own in later life. Her first wish was to be an artist, but her disabilities made it impossible for her to work on large canvases and so she took to writing instead, publishing her first book, a rather unsatisfactory prose version of the tales of Robin Hood, in 1950.

Many important novels followed: the great Roman cycle, which is seen to its best effect in *The Eagle of the Night* (1954), and many re-tellings of traditional stories in modern versions. Her novels were often prefaced by fascinating "Historical Notes", which seemed to summarise her rather quirkish approach to historical research. "So in *The Mark of the Horse Lord* I have written of Caledanes and Dalriads, and not of Picts and Scots, but it comes to much the same thing in the end."

Earlier this year she published *The Minstrel and the Dragon Pup* (Walker Books, £9.99), which marked an unusual development. Set in a rather hazy Middle Ages, it was both a picture book text (her first, in collaboration with the illustrator Emma Chichester Clark) and as much a fantasy as a gobbet of historical narrative. Her last two works to be published, versions of the *Iliad* and the *Odyssey* (promised in 1995), are much more characteristic of the general drift of her fictional themes: the testing of the warrior hero; the clash of light and dark; the overriding importance to a culture of the symbolic objects that seem to embody its very reason for existence. As for Dryden and Pope before her, Sutcliff's *Iliad* was not the culmination of a lifelong passion but an imaginative response to a commission from a publisher.

Though tales from classical myths did not figure in the earliest examples of children's literature that have come down to us, there were some sensible abridgements of the *Iliad* and the *Odyssey* for children in circulation at the end of the 19th and beginning of the 20th centuries. Since the 1940s, the most widely available translation of the *Odyssey* in English has been E.V. Rieu's; and two years ago, Christopher Logue's spirited version of books one to four of the *Iliad* was published by Faber. Logue gave the *Iliad* a mighty pummelling. His version, boldly incongruous, packed with movable incidents, audaciously anachronistic, virtually reduced Homer's epic to a sequence of marvellous storyboards. But it also demonstrated just how resilient and concentrated a story the *Iliad* is – so much more manageable in plot, themes and characterisation than the elegiacally diffuse *Odyssey*.

The *Iliad* demands not so much imaginative elaboration as ingenious restraint – and Rosemary Sutcliff has reached much the same conclusion in her version. Like Logue, she shows us a Greek nation which seems to have developed a mighty contempt for anything other than the culture of war – an attitude which includes holding death itself in disdain. Her most memorable achievement has been to disentangle some of the more difficult elements of plot and characterisation so that the individual players in the drama shine through with a stark and bloody clarity.

Alan Lee's illustrations, as extravagant in their heroic aggrandisement as any sequence of Victorian narrative paintings, match the text perfectly – the clash of metal on metal; the sweat of heaving bodies; the mists of morning rising serenely over scenes of unimaginable carnage.

The book's principal failing is that the dialogue, as often before in Sutcliff, sounds awkward at times, wordily encumbered, unlike even the heightened human speech of those who walked like gods. Perhaps this was the ultimate price that she paid for her own inability to move freely among other human beings. Otherwise, as ever, she remains robust and intellectually challenging, her prose perfectly pitched to the grievous undoing of two fabulously flawed nations.

Michael Glover

BLACK SHIPS BEFORE TROY: THE STORY OF THE ILIAD
by Rosemary Sutcliff, illustrated by Alan Lee
Frances Lincoln £12.99, 128 pages

Youth on life

"A WRITER of rare and precocious talent": this kind of glowing review and a prize-studded career to date certainly support Paul Watkins' reputation as one of today's most promising young writers. This 29-year-old author has already published four novels. Two have received nominations for the Booker Prize – the last, *The Promise of Light*, is currently being re-issued in paperback – while his second, based on his experiences deep-sea fishing off the New England coast, won the Encore Prize for the best second novel of the year and is currently being made into a film.

The Promise of Light is set in 1921, the story of a young American who sets out for Ireland to track down his family and walks straight into the savagery of the Black-and-Tan war. Accompanying its publication comes Watkins' autobiography, his tale of a homesick New Englander growing up amidst the pillow-fights and puppy loves of an English public school.

Why is it that autobiographies seem to be written younger and younger these days? Watkins' self-chronicle, with its lofty title, actually provides few clues as to why he grew up to be a writer. His account of his years, first at the Dragon School, then at Eton, is remembered in such vivid detail that the reader is at first tempted to mistake immediacy for imagination. Watkins loved his Action Man, for instance. He loved him "saying Brave Things like 'Mission Accomplished – Good Work Men' when you pulled his cord away from his chest." He is distraught when he foxholes Action Man in the shrubbery and he gets sliced to pieces by the groundman's rotary mower.

The trouble is that when his father, a real life Action Man, dies prematurely from cancer, Watkins' growing-up seems to stop in the classroom. Denied the chance to prove himself or to earn his rite of passage, it is as though he is resigned to have to look out on to the grown-up world outside.

Watkins never says as much – perhaps he cannot, which is why the book is strangely moving – but we glimpse it in the way the film of Michael Caine's last-ditch stand against the Zulus gives him nightmares, or in the way a First World War documentary leads him to spend a solitary school holiday tramping around the battlefields of Ypres and Passchendaele. Here a ghostly camaraderie envelops this fatherless adventurer, as if, among a league of sleeping knights, he had momentarily earned his spurs: "I felt a kind of gentleness surround me in the mist. It was a sense of being looked at by kind eyes and protected from harm."

While the book may be psychologically revealing, it is rather one-dimensional to read because Watkins never gets inside the experiences he describes. Indeed, one's overwhelming impression is that he still inhabits the mind-set of these schoolboy dramas of treachery and betrayal. One is reminded, a touch unfairly, of Norman Mailer's remark about J.D. Salinger: "the finest mind never to leave prep-school".

Mark Archer

STAND BEFORE YOUR GOD: GROWING UP TO BE A WRITER
by Paul Watkins
Faber £14.99, 203 pages

Three Choirs' still packs the naves

Roderic Dunnett feels Elgar would have approved of this year's Festival at Worcester

CLOSE BY Elgar's statue opposite the north side of Worcester Cathedral is a shop named "Bygones". You could be forgiven for thinking the Three Choirs Festival, which has been running all this week, fitted the name. Surely it perished years ago, with the rest of those dinosaurian choral traditions – Huddersfield, Birmingham and the Leeds Triennial?

Well, the answer is "no". Three Choirs claims to be Europe's oldest festival. This year's is the 266th in a series tracing back to at least the 1720s. The 280-strong three choirs – made up by choral societies from the three cathedral cities of Hereford, Worcester and Gloucester (the venue alternates annually) – continue to pack the naves and aisles. The festival has survived all vicissitudes: the collapse of Hereford's west tower in 1786; the provisioning of George III's entire retinue two years later; and dire cash shortages in the wake of the Napoleonic Wars.

The venues make idyllic settings. Worcester, clasped between the Malverns and the Vale of Evesham, is an agreeable place to spend a few days. The omens seemed good this year. Both a four-day cricket match on the county ground abutting the River Severn and a race meeting dovetailed nicely with the middle of the festival: Elgar would have approved.

But who goes to the Three Choirs now? Critics traditionally lambast the festival as one of the nation's arch-parochial events (where else would you find an informal forum on church music packed to the doors?) William Mann used to speak of its "senile decay". But it is a large parish. An audience survey last year showed that some 70 per cent of visitors to the festival are drawn from outside the locality. Many come from London and the Home Counties. Punters, prepared to pay up to £25 for a seat, arrive from as far afield as Scotland and Cornwall. Some 50 visitors from the US were here; my immediate neighbours proved to be enthusiasts from Durham, North Carolina, Washington DC and Boston, Mass. A few rows down was an attentive Japanese contingent.

Programming to maintain diversity, ensure profitable sales and keep the Arts Council happy is a fine balance. The administration – much of it amateur and laid back, old-style but efficient – annually falls to a local committee, led by the Festival Director, who is also the host cathedral organist. The conducting is shared with visiting professionals: this year the BBC Philharmonic brought with it the Bolshoi's Yuri Simonov, replacing the indisposed Sir Edward Downes, and BBC Scotland's Jerzy Maksymiuka. Some think there should be more guest conductors, but budget plays a role here.

Full accounts date back to early performances of Handel's *Messiah*. One problem is that County Council and Arts Council support has fallen woefully behind in the last few years, while the costs of orchestras, staging and closed-circuit TV have risen. Fire and safety checks have meant the loss of several hundred mainly cheaper seats, reducing Worcester's capacity to around 2,000.

But the festival has its own resilience, as the Worcester treasurer, Peter Seward, explains. A tradition of stewardships guarantees the bulk of the central nave; sales are completed in March, providing a tidy sum for advance investment. Sponsorship from commerce and industry was initiated in 1976, at the same time as an organised "Fringe" added diversity. A Royal Worcester donation of £4,000 towards a performance of Britten's *War Requiem*, linked to Wilfred Owen's centenary and the 75th anniversary of the armistice, was matched under the Business Sponsorship for the Arts scheme administered by ABSA. The Great War has an added meaning for Worcester: Geoffrey Studdart Kennedy, the pioneering forces' chaplain known as "Woodbine Willie", was vicar of St Paul's Church.

Ticket sales account for well over half the £370,000 budgeted expenditure, the bulk of which goes on orchestras and soloists. Sponsorship adds some £28,000, of which £10,000 is from county council sources. The dense programme book still makes a healthy profit. Most important, the administration takes up only 14 per cent of the whole. There are advantages in this quiet, in-house efficiency. administrator would meaningfully increase either the income or the professionalism of the set-up.

In the meantime the parent body, the Three Choirs Association, is in the process of drawing up a three-year business plan. Friends of the festival make donations, the odd legacy still makes its way in, and there is an active organising ladies' committee. Slightly less promisingly, an Endowment Scheme recently set up has only produced £26,000 to date, part of which has been taken up with a new orchestral revolving platform and improved staging.

The festival still seeks to innovate, if modestly. This year's programme includes the European premiere of the American composer Dominick Argento's large-scale *Te Deum*, plus a string orchestra commission from Robin Holloway. The event would benefit, perhaps, from a closer study of its visiting orchestras' repertoire, or linking in with the wide-ranging contemporary groups and series such as the London Sinfonietta or Contemporary Music Network. Each has been featured before. This week, amid jazz and Ivor Novello favourites, the Composers' Ensemble brought songs from the wholly-contemporary Mary Wiegold Song Book. Above all, the festival needs to win over and educate its audience, Rattle-style, to offer a ready ear to the more innovative side of its repertoire. Without that there would have been little Parry and still less Elgar.

Where the Three Choirs does score is in its commitment to second performances – forgotten works like *A Spring Canticle* by the suffragette Dame Ethel Smyth, not heard since its premiere here in 1926. Her memoirs, "Impressions that Remained" were displayed in that same "Bygones" shop window. Impressions that remained of Worcester this week were of a friendly series of events, often into the small hours, and very much alive.

Alastair Muir

The giant finger of fate descends again from the Coliseum flies: English National Opera has opened its 1993-94 season with a revival of *Simon Boccanegra*. David Alden's 1987 production frames a darkly violent, broodingly personal response to perhaps the most "inward" of Verdi's middle-period operas.

The stage-picture is cluttered by too much psycho-symbolic baggage (Alden's later ENO productions have proved more disciplined in their stagecraft). Atmosphere is unvaried, larger issues tend to get lost, yet on Thursday the contorted passions and confrontations of the characters were heated to boiling-point – any Verdi staging that can urge performances of such searing emotional force out of all its participants must have unlocked some powerful Verdian truths at the opera's centre.

The cast is characterised by strong, unbeautiful voices sensitively used – Gregory Yurisich tremendous in the title role, pictured left, with Janice Cairns (Amelia); David Rendall (*Adorno*), Keith Latham (Paolo); only John Connell's Fiesco seems short-breathed, underweight. The revival would benefit from a less self-conscious, stop-go conductor than Alexander Rahbari.

Max Loppert

Selling Weill at the Proms

FROM the 1960s to the '80s, many classical musicians, music-lovers and music-promoters saw Kurt Weill as the (dead) composer most likely to bring together the distinct audiences for popular music and "serious" concerts: a consummation devoutly wished by many, if on hazy grounds. The Brecht-Weill *Threepenny Opera* had been triumphantly resuscitated off-Broadway toward the end of the 1950s, and "Mack the Knife" reached the American hit-parade, while a handful of other Weill songs became late-night listening – chiefly on LPs by Lotte Lenya, Weill's widow – among sophisticated folk, especially left-liberals.

Since anyone with a judicious ear could hear that Weill was much more than just a tunesmith, and the smug European consensus that the (profitable) music of his American exile represented an unworthy decline was already *passé*, he seemed to offer a bridge across an embarrassing musical barrier. Yet hardly anyone crossed it. The people who took to his catchiest theatre-songs do not come to revivals of his harder, less ingratiating pieces, and many of his highbrow admirers are still shy of admitting Gershwin or Cole Porter to the same canon. The first of Wednesday's two Prom concerts tried a brave new tack.

Conducting his Matrix Ensemble, Robert Ziegler offered a programme of jazz- and black-influenced German music, comprising some unusually "authentic" Weill, his contemporary Wilhelm Grosz's cycle of *Afrika-Songs*, and Bernd Alois Zimmermann's 1954 trumpet concerto on "Nobody knows de trouble I see" (typically troubled, looking-both-ways Zimmermann – serialism and modernism *v.* honest Heart – pointedly delivered here by Hakan Hardenberger). Grosz's 1930 cycle displays impeccably decent sympathies, but also his incurable knack for bland, memorable tunes, of the same ilk as his "Red Sails in the Sunset", though nobody remembers *him* for that.

The concert began with the Brecht-Weill *Mahagonny-Songspiel*. Not the hybrid *Kleine Mahagonny*, which was amiably eked out with extra songs from their later "opera" *Rise and Fall of the City of Mahagonny* (also about capitalist temptations and catastrophe), but the original 1927 sequence of prickly vocal numbers with acrid instrumental interludes. The emollient Grosz cycle might have been chosen deliberately to set Weill's tougher virtues in proper relief.

In the second half we had *Cry, the Beloved Country*, David Drew's well-calculated arrangement of numbers from Weill's "musical tragedy" *Lost in the Stars*, for Broadway – not linked by any dialogue, but by sober narration from Weill's and Maxwell Anderson's source, the celebrated South African novel by Alan Paton. Drew's focus is clinically fixed on the larger social issues, to decently wrenching effect; but Weill's own calculated vein of American uplift is discreetly expunged, even to the starry-eyed title-song.

Yet Drew, than whom nobody knows Weill's music better, would surely agreed that the composer's best European theatre-music relied upon dramatic context for its scathing ironies. (The most vicious people and their deeds got the most elegant tunes.) It seems to me that the later Weill's Broadway shows were just as meticulously planned wholes as before; can it be right simply to jettison his "sentimental", too-American stuff in favour of the politically right-on numbers?

Among the vocal soloists in all this music Janis Kelly and Jake Gardner made consistent marks, and Damon Evans pushed his light tenor hard enough to score. Cynthia Clarey's equally light, pretty soprano was often threatened by Weill's quaintly jazzy brass and saxes, like the supporting male quartet in *Mahagonny*. Still, their plucky efforts were appealingly human. In the second Prom of that evening, seven singers from Anthony Rooley's Consort of Musicke were so practised, so elaborately subtle and balanced and secure (and *English*) in Monteverdi's 6th Book of madrigals that I was driven to imagining what flamboyant, volatile, self-advertising Italians might have sounded like instead.

David Murray

Not just bums on seats

Michael Arditti on why the audience's role is so crucial to both actor and playwright

SHOULD YOU ever visit an actor after a performance, do not be surprised to find your compliments reciprocated. While at first this may seem theatrical gush – after all you have been sitting still while he's been sweating Shakespeare – if you turn up on a later, less successful night, you may better appreciate what he means.

For the audience's role is crucial, as Oscar Wilde acknowledged when, on the first night of *Lady Windermere's Fan*, he congratulated the audience "on the great success of your performance, which persuades me that you think almost as highly of the play as I do myself." Such curtain speeches may be a thing of the past, but the old maxim that plays are not written but re-written holds true. And as many contemporary playwrights have found, from Simon Gray to Peter Shaffer, the audience is their final collaborator.

So although we can hardly claim royalties, it is clear that we have a validating role over and above the routine dispensation of applause. Michael Frayn is another to have learned from this collective wisdom when the six-week run at the Lyric Hammersmith prompted the changes which ensured *Noises Off* a four-year life in the West End. Ironically, the reverse occured with its companion piece, *Look Look*, set across the footlights in an audience, when the actual audience stayed away in droves.

Look Look's demise sent shockwaves through theatreland, but the subsequent spate of West End obituaries proved premature. For not even a playwright of Mr Frayn's distinction could be expected to mould the disparate characters who composed his typical audience – the family party, adulterous couple, elderly gay, middle-aged mother and daughter – into a cohesive whole. But if his attempt was an honourable failure, it is one most managers and directors fail even to make.

It may be a fatal omission. So much of the energy of our post-war theatrical expansion has gone into redefining the bond between actor and audience: reshaping auditoria to replace the outmoded social and aesthetic relationships of the proscenium arch, that little has been left for the equally pressing task of establishing bonds within audiences themselves.

When managements do consider audiences, it is generally in terms of attendances. Thus the arrival of the mega-musical becomes a cause for celebration, even though it raises the theatrical stakes at the expense of genuine engagement. Audiences become mere applause fodder.

Increasingly, managements play the TV card. Everything is done to make audiences feel at home. The *frisson* of theatre is reduced to the reassurance of the small screen, as familiar faces are promoted, albeit in unfamiliar guise. This can have obvious benefits, as even the pioneering Bush theatre found when Kevin Whateley ("TV's Inspector Morse!") recently appeared there, but more often it can backfire as with the irate couple who loudly left *The Entertainer*, complaining that Peter Bowles was playing Archie Rice and not Richard de Vere.

Of course it is vital to attract a new audience. Even the Haymarket had its stuffiness knocked out with the Dawn French fans in singlets and jeans rather than twinsets and pearls. And yet this can prove a mixed blessing. The increased chattering, bleeping and even mobile phone calls in the stalls attest to an audience not so much at home in the theatre as behaving as if it were still at home. Though so far we have been spared such sights as the Madonna fans who arrived halfway through her Broadway performance in *Speed the Plow* and at the end sat back and waited for it to begin again.

Such a response negates both the power and purpose of theatre. It is a quintessentially communal experience where dramas are played out on the public stage. And unless managements respect this role rather than trying to lure audiences with the spectacle of the cinema or lull them with the familiarity of TV, its uniqueness will be lost.

Similarly, if the audience is to play its role in the theatre and the theatre in society, it can no longer remain the province of the privileged few. For though it is heartening to recall that more people go to the theatre each week than to professional league football, it is still a predominantly white middle-class activity.

This is a loss to all concerned – and even to those unconcerned; for the wider the audience, the richer will be its response. A disproportionate audience can grossly distort a performance, as anyone who watched a house full of yuppies turn Caryl Churchill's *Serious Money* at the Wyndhams from a critique of city practice into a celebration of its own excess, can confirm.

The experience of seeing a play about racism in a predominantly white audience can be still more disquieting. When *Ma Rainey's Black Bottom* played at the Cottesloe to rows of white faces, the audience seemed to reinforce the segregated world of the play. Whereas in the very different racial mix of the Theatre Royal Stratford East, black people laughing at racist lines in Tunde Ikoli's *Scrape off the Black* liberated their white neighbours to confront their own prejudice and fear.

But then the Theatre Royal consistently offers a model of successful audience engagement, as the citation for their recent Prudential award attests. "Community theatre which should be a tautology, remains far too often an unrealised ideal; and yet, at Stratford, it infuses every aspect of their work. In this they uphold the tradition of their founder, Joan Littlewood, who on being questioned before a performance as to why she was scrubbing the foyer steps, tartly replied: 'I'm expecting company, aren't you?'"

In most theatres, audiences are not company but simply customers, which in turn prevents them from fully engaging with either one another or the stage – but, at Stratford, the diversity of the audience is matched by the strength of its response. And although I would be the last to encourage patrons at the National to shout "Behind you!" to Hamlet as Claudius and Polonius hide in the arras, or "Nice one, Lopakhin" as the new owner of the cherry orchard announces his prize, the highly vocal Stratford audience reveals an energy and enthusiasm far too often ignored.

Audience engagement is by no means the same as audience participation. After all, actors do weeks of exercises to bind them together, while the crash course of a three-hour performance can leave an audience with a deep sense of distrust (I still have nightmares of a Bournemouth matinee where I was plucked protesting onto the stage to conga with a six-foot-four Carmen Miranda). Nevertheless, if the audience is truly to play its part, it is essential to harness that collective energy which remains the theatre's unique aspect and most precious resource.

ARTS

The Edinburgh Festival

Themes miss the note

Richard Fairman takes the Festival to task over its music programme

WHAT DOES it take to make a music festival in 1993? As the second week of the Edinburgh Festival comes to its close, the programme may look as full and varied as ever, the audiences are up, but a sinking feeling has set in. The music has simply not been strong enough.

These days, image, integrity – call it what you will – is essential. Driven by the need to attract the affluent, music-loving tourist, cities throughout Europe have been starting up festivals at an unsustainable speed. Those which will survive and prosper are the ones which have something special to offer. Glyndebourne, Bregenz, Bayreuth keep to opera, where the real money is; some modestly restrict themselves to chamber music. For the other big festivals the challenge is to adapt and change – and that is not easy. Look at the problems Salzburg is encountering as it tries to re-focus its position after decades of stagnation.

Everybody in Scotland can heave a sigh of relief. Edinburgh's problems are not on that scale. It is a long time since this was a festival of the rich and famous, where the music can hardly be heard for the tinkle of jewellery and the rustle of furs. Fees commanded by top artists have made the old Salzburg-style festival barely feasible any more.

In most years Edinburgh makes the focus of its music programming a central theme. This is a sensible policy: it means each festival is different and events which might otherwise look uninviting take on extra relevance in the context of the overall package. This year, the second under Brian McMaster as Festival Director, there are three themes: Schubert and Janáček "juxtaposed"; Verdi "from first to last"; and James MacMillan "his music in focus" – in principle, a good mix.

Why, then, do I declare this festival's music to be a disappointment? There have, after all, been successes, such as the concert performance of Mozart's *Cosi fan tutte*, the vocal recitals by Sylvia McNair and Thomas Hampson, the concert by the Oslo Philharmonic and Mariss Jansons. But these were one-off events. None of them was special to Edinburgh 1993.

The Verdi theme is a non-starter. Only three operas on offer, *Oberto* (his earliest) in a concert performance, a modest new *I due Foscari* and *Falstaff* (his last) in a revival of a familiar production by Welsh National Opera: Verdi "from first to last" perhaps, but with precious little in between. The retrospective of James MacMillan, Scotland's leading young composer, has probably been the most well-balanced theme.

Unfortunately, the big one is the Schubert and Janáček series, and that has proved crucially flat. Each half of it looks to me an opportunity missed. So much of Schubert's greatest music lies in the area of chamber-music and song that there was the chance to put on high-class events at relatively low cost. One imagines, for example, a series of song recitals with the great Schubertians of the day: Schreier, Fassbaender, Margaret Price. In Janáček's case the fare has been variable – no operas (a serious omission), decent coverage of the orchestral works, some interesting rarities. But the BBC's Janáček Festival at the Barbican earlier this year put on just as much and performed it just as well.

Here lies the nub of the problem. Day-to-day concert programming throughout the year is growing more adventurous. The Barbican's own mini-festivals devoted to Britten, Stravinsky, Scandinavian music and so on, have been so exhaustive, so far-reaching, that it is difficult for Edinburgh to go any further.

What can be done? The first thing I have missed is performers who really have something to say about the featured composers. If Janáček is to be the theme, then why not Mackerras, sadly restricted here to just a couple of pieces? (His performance of the *Glagolitic Mass* a couple of years ago was a more memorable Janáček experience than the sum of all we have had so far.) If Schubert, then a leading string quartet; or perhaps Graham Johnson, to draw on the singers of his Schubert Lieder Edition on record. Salzburg has turned to Harnoncourt. Others have looked to John Eliot Gardiner. These are the thinking musicians who can turn a mere series of concerts into a vision.

Secondly, however expensive, however troublesome, there have to be more staged productions which are unique to Edinburgh, or at least to Britain. (This year's theatre programme has forged links with Salzburg, which may be a way forwards.) In 1994 the re-built Empire Theatre will be ready, the home for the large-scale theatre and opera productions that the festival has needed for so long. McMaster, in his last post an enormously successful and imaginative head of WNO, will then have his hands tied by only one constraint – lack of money.

With the Scottish Arts Council soon to enjoy more independence and a substantial sum expected from the proceeds of the National Lottery, there is the prospect of some improvement to the finances. I can think of no better investment for the future than a fund to allow one or two major stage productions at the festival each year. There is no other festival quite like Edinburgh. It should be Scotland's pride and joy.

Alastair Muir

Fog everywhere. The bleak house of Birling floats above the dank Yorkshire mists until *An Inspector Calls* at the Aldwych Theatre. Stephen Daldry's fine, dark production has transferred from the National Theatre. The superb design by Ian MacNeil makes J.B. Priestley's play into a nightmare of shadowy rain drizzling around the bright bourgeois home of the Birling family, northern manufacturers. The *theatre-noir* opens with the score from Hitchcock's *Vertigo*. Priestley's 1944 vision of social conscience gradually works its end on the characters, exposing their shame and guilt in the suicide of a girl they all know. The Inspector's calling card carries the message: "We don't live alone. We are members of one society. We are responsible for each other." There are excellent strong performances from Julian Glover as Birling, the family patriarch, and Kenneth Cranham as Inspector Goole his implacable opposite. Sylvestra le Touzel plays Birling's daughter and Judy Parfitt his wife, a horror in red taffeta. This is first-rate Priestley played with atmosphere, purpose, style, and wit: Priestley's original setting was "an evening in spring" – more like a season in hell. (Aldwych Theatre – 071 836 6404)

Andrew St George

Off the Wall/Antony Thorncroft

Artistic row brews up

WITH EIGHT days to go, the Edinburgh Festival is on line to be a commercial success. But artistically it is still up for grabs.

Director Brian McMaster had a soft start last year when he presided over his first Festival. Now the inevitable criticisms are starting. A lack-lustre opening concert; a pretentious Peter Sellars production of *The Persians*; doubt over the new works by featured composer James MacMillan – these are nit-picking irritants.

But the row that McMaster has got into with the National Gallery of Scotland is more serious. Every year, the National Gallery mounts its best shows to coincide with the Festival. It has been included in the official Festival programme and to most visitors is part of the festivities. When successful, as the Ramsay exhibition was last year, the Festival gets some of the glory.

McMaster appears to be against the visual arts. He has suggested a separate Visual Arts Festival. He refused to include the major National Gallery shows this year, one devoted to Holbein, the other to the Russian avant-garde, in his programme, even though the gallery pays for the privilege.

The National Gallery is furious. Fortunately, it is getting record attendances for the Russian exhibition at the Gallery of Modern Art but it cannot understand why McMaster does not make use of its great potential contribution to the Festival. McMaster maintains he wants complete control over the contents of the Festivals.

The spat this summer could be put down to inexperience. But there are reports that McMaster is not interested in including the 1994 art shows inside the official Edinburgh Festival brochure for next year. Since they involve expensive and important exhibitions on late 19th century French painting and German Romanticism, and seem sure to be popular, McMaster might wisely think again and perhaps try to attract to the Festival events that tie-in with these themes.

★

It is unfashionable to say that the arts in the UK have for the past generation enjoyed a Golden Age, prompted in part by government funding that has risen sharply ahead of inflation. If the Arts Council's budget is cut by £5m next year (and Heritage Secretary Peter Brooke now presides over such a large empire that he could easily switch funds to the arts if he wished) it is a minimal cut compared with recent increases.

Of course, the arts must put pressure on Mr Brooke and defend their corner but sometimes the crisis talk gets out of hand. Take Edinburgh, for example, and Scotland generally. The success this year of the biggest arts festival in the world hardly suggests imminent doom and the Scottish Arts Council is in remarkably good heart. Here follows some good news.

Within 18 months the Lottery should be providing money for the arts. The SAC reckons it could receive £6m of it, a sizeable improvement on its current grant of £23m a year. It anticipates using the annual windfall mainly for capital projects. But where?

The arts in Scotland are in the throes of an extraordinary building binge. Glasgow recently got its international concert hall; the money has been found for the new Festival Theatre in Edinburgh, which will open next spring with the largest stage in the UK; the Traverse Theatre is new and sparkling, as is the Citizens' Theatre in Glasgow. The Fruitmarket and the Tron are among a whole array of art institutions that have recently been refurbished. The Lottery money will easily be absorbed, in improving the Usher Hall, for example, but no-one can pretend that the arts in Scotland are in extremis.

There are the inevitable squabbles – over the merger of two Scottish symphony orchestras; whether Edinburgh or Glasgow should play home to yet another new arts structure, the Museum of Scottish Art; but as the SAC awaits its divorce from the Arts Council of Great Britain and becomes a client of a supposedly-sympathetic Secretary of State for Scotland in Iain Lang, it does seem as if one part of the UK is doing well by the arts.

★

Bill Burdett-Coutts who runs the Assembly Rooms, the biggest venue on the Fringe, is to take over as director of the Riverside Studios in London. It is a challenging job. Riverside is £200,000 in the red.

Burdett-Coutts will continue to manage the Assembly Rooms during each Festival and hopes that he will be able to integrate programming. He has long wanted to produce new work rather than just act as a receiving house and controlling a London venue makes it feasible to create plays that start in Edinburgh with a guaranteed transfer to the capital and vice versa.

In the meantime he might give some thought soundproofing the various auditoria inside the Assembly Rooms. American comic Greg Proops got so upset at the noise percolating to his show from the performance of the Doug Anthony All-stars playing up above that he rehearsed his 100-strong audience in anti-Anthony slogans and led them on to the All-stars stage The Australians retired hurt for 20 minutes.

How to do Edinburgh

IT IS 20 years this weekend since first I came to the Edinburgh Festival. If anybody told me now how to "do" the Festival, I would probably ignore them; but I might well have listened then. So here are some rules of conduct for a young festival-goer to disregard or consider as she/he chooses.

■ Don't specialise. Follow as many different art forms as possible, even if you are already going to be an actor or a musician or a movie critic, even if your interest in one art is your reason for coming to the festival. Who knows one art who only one art knows?

■ Keep up an average of three shows per day: a civilised quantity. You have the rest of the year in which you will go to all too few (and in which to recover). But, if you keep up five per day or more (there are those who do ten), be aware that you do so at the cost of such other important festival pleasures as conversation, friendship, meals, sex and sleep. It is better to eat and sleep between, rather than during, shows.

■ Go to both Official Festival and Fringe events. Yes, some Fringe events are perfectly terrible. So are some Official ones. There are some famous artists on both Fringe and Official sides; some will disappoint. Both Official and Fringe will feature a number of artists you never heard of before; some will thrill, and one or two could change your life.

■ Follow your instinct, and do no more preparatory homework in your choice of shows than you need. There is nothing so eye-opening as taking in a wonderful new (or old) piece where you have no notion what will happen next, or how you are meant to react. "All knowledge is a fall from the paradise of undifferentiated sensation." (R.P.Blackmur).

■ Make a schedule for all you plan to see (allowing time to get from place to place *and* time to get programmes etc.), and then feel free to improvise around it or revise it. Shape your schedule around your digestion. Yes, of course you can go to 10 events a day if you want – but a rumbling stomach does not go down well during a viola revital at the Queen's Hall, and stomach cramps are not the best condition in which to admire plays about incest.

■ Take time to fit in the non-festival features of Edinburgh – unless you visit the city regularly. It would be silly, for example, to catch all the festival exhibitions but to bypass the permanent collection at the National Gallery of Scotland (which has, as they say, "one of everything").

■ Go to several events that you are not sure you will enjoy. (This is easy in Edinburgh.) It is great to find that a show you were looking forward to fulfilled your expectations, but greater to be overwhelmed by a show of which you had no expectations.

■ Even if you have a Fringe mentality, try a few orthodox events. (This is not too easy in '93. Sexual unorthodoxy is particularly to the fore: with incest, prostitutes, gay love, promiscuity and child abuse all receiving their dues. Also transvestism. The only show I have seen about a married couple made a a big deal out of them going to a drag show.) But there are Holbein, and Verdi, and Shakespeare.

■ Don't subordinate your own taste to those of the published critics. Some of them are ninnies, some of them are smart but wrong, some of them are right but dull. The ones to pay attention to are those who, whether or not you agree with them, are in some way or other illuminating. It is useful to read that Wednesday morning's performance of the Schubert E flat major trio was not very good. But if you were hearing that trio for the first time, you had a different experience from the critic, who may have narrowly prescriptive notions on how that trio ought to go. If she/he really *tells* you how that trio ought to go, fine. If she/he really reveals to you how that trio actually went on Wednesday, even better. But the best thing is simply to listen to the trio.

■ If there *is* life after Edinburgh, apply the above to that too, where and when possible. If not, not.

Alastair Macaulay

Verdi the beginner

ALL STUDENTS of opera should have been at the middle week of this year's Edinburgh festival. As a rule composers do their best to bury their first attempts at opera, but posterity has developed a fascination for digging them up again.

After Tuesday's efforts by the 18-year-old Schubert and the 33-year-old Janáček, and Wednesday's double-bill of stage works by the young Scottish composer James MacMillan, Thursday brought the turn of Verdi and his first opera, *Oberto*. The composer would probably be surprised that we should want to hear the piece. He knew that he had gone on to far better things.

As the concert performance began in the Usher Hall, it was interesting to think back to 1839. The audience that had come to see this first opera by an unknown composer was used to Rossini, Donizetti and Bellini. What can they have made of *Oberto*? From the first notes the music is rugged and full-blooded; there is a frankness about it, a determination not to dress up simple ideas with unnecessary frills, that must have caught their attention. In short, Verdi was a new voice.

Today *Oberto* is important for what it promises, not what it achieves. The plot is a feeble affair, which winds up stock characters with intense emotion (father bent on vengeance, daughter spurned by lover, forgiving rival) and then sets them tilting one against another. Verdi fills their lungs with music, but cannot breathe life into them.

The singers of the day had been brought up on Bellini and Donizetti just as much as the audiences, so we can assume that their voices would have been flexible, adept at achieving expression through phrasing and ornament, almost certainly not very large. Maria Guleghina, who took the leading role of Leonora, is a stunning singer, but not of that kind. Getting the words to speak and shaping the vocal line at the appropriate scale do not come easily to a soprano whose glory is soaring out in blazing splendour on high. When she sang, "My voice will resound among these lofty towers", one believed her. I look forward to her Aida and Tosca.

Dennis O'Neill, Leonora's former lover, a real bounder, matched her in volume and exceeded her in Italianate passion, at the expense of an edgy vibrato. The role of the old, enfeebled father went to the young and by no means feeble Alastair Miles, whose well-focussed voice has grown beyond Handel and may yet mature into a real Verdi bass. Jane Henschel made the most of the low notes in Cuniza's music (Guleghina does not have a chest register with which to answer back). As a team, they delivered the goods.

In place of Edward Downes, David Robertson conducted the Royal Scottish National Orchestra in a performance of some energy and force, the qualities *Oberto* does possess in abundance. By the end, the opera had made an impact well beyond what the books of theory tell us Verdi the beginner should be able to muster. Students of opera, please note.

Richard Fairman

Sponsored by the Friends of the Edinburgh International Festival

Radio

Dramatic happenings in court

A REFRESHING line was taken in Radio 4's Monday play, The *Chicago Conspiracy Trial*. It was a dramatised version, by Peter Goodchild, of the transcripts of a real trial – a notably colourful trial, too, with noisy disputes between both sides' lawyers, witnesses and the public. Directed by the BBC's Martin Jenkins and John Theocharis and produced jointly by the BBC, Los Angeles Theatre Works and WFMT of Chicago, it was very exciting.

In 1968, the Democrats held their Convention in Chicago; the Peace Lobby was active, and there were protests about Vietnam war. They led inevitably to riots, and eight selected defendants were tried before Judge Hoffman and a jury of eight women (two black) and two men – who were kept sequestered for six months. The charges seem trivial today, matters like crossing state-lines and unauthorised sleeping in public places. Defendant Bobby Seal, leader of the Black Panthers, had to be bound and gagged to keep him quiet, though this made his supporters less quiet than ever. Interruptions ranged from the serious to the trivial – an attempt was made to disqualify the judge (the one individual to retain his dignity throughout) and to give his Seale a birthday cake. The participants' names are mostly forgotten today, apart from the poet Allan Ginsberg, and the able American players are unfamiliar to us. The production was genuinely memorable.

Wednesday's *The World Tonight* on Radio 4 contained an alarming report of sexual harassment in the police. A 19-year old WPC said her bottom was forcibly date-stamped as an initiation ceremony; a sergeant driving her home behaved disgustingly in the car; when she complained, she was invited to resign. The London Police Federation was alleged to refuse funds to women for legal advice for an industrial tribunal, but not to men; and the production of evidence was obstructed.

The Federation's general secretary admitted that the police could behave like anyone else (and indeed male apprentices in industry can have similar experiences); but he denied the matter of funds. Hertfordshire's Chief Constable reckoned education would clear up such problems, and had written to every individual in his force to point out that their behaviour must be as firmly controlled as the general public's. A distressing report, all the same.

Radio 3 last night gave *A Sorceress of Her Time* compiled by Michael Bakewell from Alma Mahler's letters and diaries. She has become a kind of heroine on the basis of her liaisons. Almost engaged to Klimt, she married Mahler instead, although he was "a rickety, degenerate Jew" and 20 years older than she. No case of compulsive love, though; they had three daughters, but she was soon close to pianist Ossip Gabrilowitsch. Mahler died in 1911, then she was famously courted by Kokoschka, but she set her sights on architect Walter Gropius and married him. They had a son but were soon divorced – leaving her free to marry the writer Franz Werfel in 1929. Her *affaire* with a priest naturally came to nothing. Manon, her youngest daughter by Mahler, died in 1935, and Alban Berg dedicated his violin concerto to her memory. Alma was a firm pro-Nazi who thought Hitler a "genuine idealist", but she had had two Jewish husbands, so they fled to New York in 1940. There Werefel died, but Alma lived to be 86, devoted in her way to Mahler's memory. She at least must have felt that she had lived a distinguished life.

I heard some of the young people's stories on Radio 5; this week, *Is Anybody There?* a serial by Eric Pringle. Little Christine (Moir Leslie), lives with her father in an old house, where his dead mother once lived. In the attic, Christine hears the voice of an unseen little girl. Instead of being scared, she plays verbal games with her. Later, from the attic window she sees a strange family in the garden, but does not ask who they are. It all ends happily.

B.A. Young

Chess No 988: 1 ... Rc5!? 2 Rc3! Resigns. If Rxc3+ 3 Kxc3 with a5 and White queens first.

TELEVISION

SATURDAY

BBC1

7.00 Ceefax Pages. 7.25 News. 7.30 Pinocchio. 7.50 The All-New Popeye Show. 8.20 McGee and Me. 8.35 Peter Pan and the Pirates. 9.00 Parallel 9. 10.55 Film: Animalympics.

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider. Including at 12.20 Football: Bob Wilson reviews the week's FA Premiership action. 1.00 News. 1.05 Special Olympics: Helen Rollason and Eddie Butler report from Sheffield. 1.55 Racing from Goodwood: The 2.00 Sport on Five March Stakes. 2.05 Showjumping: The Speed Derby from Hickstead. Can David Bowen repeat his success of the past three years? Commentary by Michael Tucker and Stephen Hadley. 2.25 Racing: The 2.30 Ladbroke Racing Sprint Handicap Stakes. 2.35 Showjumping. 3.00 Racing: The 3.10 Tripleprint Celebration Mile. 3.15 Hockey: The Women's Champions Trophy from Amsterdam. England v Germany in their final match in the round-robin section. Commentary by Nigel Starmer-Smith and Mary Nevil. 3.50 Football Half-Times. 4.00 Triathlon: The World Championships from Manchester. 4.40 Final Score. Times may vary.
5.05 News.
5.15 Regional News and Sport.
5.20 Edinburgh Military Tattoo 1993. Highlights of the floodlit spectacle at Edinburgh Castle.
6.20 Film: Batteries Not Included. The tenants of an apartment block scheduled for demolition are aided by a tiny alien spacecraft (1987).
8.00 Open All Hours. Comedy, starring Ronnie Barker and David Jason.
8.30 Birds of a Feather. Sharon decides to learn the ways of the upper classes when she starts dating a gentleman. Pauline Quirke and Linda Robson star.
9.00 News and Sport; Weather.
9.20 Spender. The firm-jawed Geordie's powers of deduction are tested to the limit when his sidekick Stick is accused of murder. Starring Jimmy Nail, Sammy Johnson and Denise Welch. Last in series.
10.10 Match of the Day. Desmond Lynam introduces highlights from two of the afternoon's FA Premiership matches.
11.15 Film: French Connection II. Thriller, starring Gene Hackman as a tough New York narcotics cop who tracks a drug dealer to his lair in Marseilles. A sequel as good as the original. (1975).
1.10 Weather.
1.15 Close.

BBC2

7.05 Open University.

3.00 Film: Giant. Rock Hudson, Elizabeth Taylor and James Dean (in his final role) star in this drama charting the changing fortunes of a Texas farming family over two generations. With Carroll Baker, Dennis Hopper and Sal Mineo (1956).
6.10 Animation Now. An artist discusses creativity.
6.20 James Baldwin. Profile of the black American writer, featuring rare archive footage and interviews with his family and friends. Baldwin, who became active in the civil rights movement, always insisted that individuals' basic humanity transcended all questions of race or religion.
7.45 News and Sport; Weather.
8.00 Rhythms of the World. Brazilian singer-songwriter Jorge Ben in performance in London. Ben is a key figure in the "tropicalismo" sound, a fusion of the bossa nova and samba beats.
9.00 Teenage Diaries. An insight into the life of 17-year-old Josephine Okelo, who comes from a wealthy Kenyan family. Josephine responded enthusiastically when offered a chance to study at an English public school, but the prejudice she encountered in the classroom soon forced her to reassess her attitudes toward racial issues, and the Somali refugees living in camps in Kenya.
9.50 Nice Town. Paul celebrates when Linda finally gives birth to a daughter, unaware of his brother Joe's part in her pregnancy. But when he decides to trace the new arrival's family tree, he uncovers a dark secret about his own past. Drama, starring Paul McGann, Josette Simon, Philip Davis and Gwyneth Strong.
10.50 Film: The Legend of the Holy Drinker. Rutger Hauer and Anthony Quayle star in this fable about an alcoholic tramp continually hampered in his attempts to repay money to the shrine of a saint. With Sandrine Dumas and Dominique Pinon (1988).
12.55 On the Air. Lester's attempt to humiliate Betty backfires, and the Woman with No Name entrances Vladja and his uncle. Zany comedy, starring Ian Buchanan and Maria Jeannette Rubinoff.
1.25 Close.

LWT

6.00 GMTV. 9.25 Gimme 5. 11.30 The ITV Chart Show. 12.30 pm Opening Shot.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 Athletics. The Berlin Grand Prix, featuring the world's top athletes on their return to the circuit after Stuttgart.
2.10 Movies, Games and Videos. Reviews include Much Ado About Nothing, with Emma Thompson.
2.40 Sky High. Part three of the children's drama. The boys continue their quest to learn to fly.
3.35 WCW Worldwide Wrestling. Ringside action with the American giants.
4.20 Cartoon Time.
4.40 ITN News and Results; Weather.
5.00 London Today and Sport; Weather.
5.10 Disney Cartoon Time.
5.30 What You Lookin' At? Jane's probationary period is over – can the club impress her boss enough to make sure she stays as club leader?
6.00 Return of the Gladiators. Behind-the-scenes introduction to the new combat series.
6.30 Film: Freeze Frame. A teenage investigative journalist uncovers a web of corruption leading to a wealthy local businessman. Thriller, starring Shannen Doherty, Charles Haid and Robyn Douglass (TVM 1989).
8.00 The Bill. Carver is forced to tread carefully when he catches a young thief who lives in fear of her father.
8.30 Film: A Father's Revenge. A man is driven to increasingly violent tactics as he seeks to find and rescue his stewardess daughter, after she is kidnapped by terrorists. Thriller, starring Brian Dennehy, Joanna Cassidy and Anthony Valentine (TVM 1987).
10.10 ITN News; Weather; London Weather.
10.30 Film: The Adventures of Baron Munchausen. Terry Gilliam's colourful remake of the extravagant fantasy about a German soldier who tells tall stories of his escapades. John Neville, Eric Idle, Robin Williams, Oliver Reed, Jonathan Pryce and Bill Paterson star (1989).
12.50 Pavarotti and Friends.
2.10 The Big E.
3.05 It's Bizarre.
3.55 New Music.
4.55 BPM.

CHANNEL4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gaelic Games. 12.00 Sumo. 12.30 pm Kasak (English subtitles).

1.00 Film: Grand Hotel. Hotel guests become romantically intertwined. Drama, starring Greta Garbo and John Barrymore (1932).
3.05 Gustav and the Cat to Be. Hungarian animation.
3.15 Racing from Newmarket and The Curragh. Newmarket: The 3.20 Philip Cornes Nickel Alloy Nursery Handicap, 3.50 Danepak Bacon Stakes, 4.20 Multiyork Handicap, and 4.50 Newmarket La Grange Handicap. The Curragh: The 4.00 Tattersalls Breeders Stakes.
5.05 Brookside.
6.30 Opening Shot. The final programme of the series looks at two films by young directors. David Johnson's National Youth Music Theatre explores the company's production of The Ragged Child as they prepare for a two-week tour of Canada and America, and Amir Amirani's film Schoolyard Maestros looks at the Children's Music Workshop, which encourages youngsters to become actively involved in opera.
7.00 The World This Week. The week's international events; News Summary.
8.00 Best of Cutting Edge. A profile of the intensely private community of Hasidic Jews in north-east London, who live in isolation from the outside world without newspapers or television – a lifestyle which originated in 18th century Europe.
9.00 South Bank Show Special. Part one. The career of actor and director Sir Richard Attenborough, who made his debut as a young seaman in the film In Which We Serve, and recently starred in Steven Spielberg's Jurassic Park.
10.05 The Big One. Comedy, starring Sandi Toksvig and Mike McShane.
10.35 Film: Toto le Hero. An elderly man, believing a mix-up at birth cheated him of his right to inherit a fortune, escapes from an old people's home to murder his rival. Jaco Van Dormael's fantasy drama, starring Michel Bouquet, Jo De Becker and Thomas Godet. Part of the Cinema Cinema season (1991).
12.15 Film: The Wrong Man. Henry Fonda plays a New York musician forced to protest his innocence after being mistakenly accused of armed robbery. Hitchcock thriller, also starring Vera Miles, Anthony Quayle and Harold J Stone (1957).
2.10 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Movies, Games and Videos. 1.05 Anglia News. 2.10 WCW Worldwide Wrestling. 2.55 Poker Alice. (1986) 5.00 Anglia News and Sport 5.15 Cartoon. 10.35 Anglia Weather.

CENTRAL:
12.30 Movies, Games and Videos. 1.05 Central News 2.10 Nigel Mansell's IndyCar '93. 3.10 WCW Worldwide Wrestling. 3.45 The A-Team. 5.00 Central News 5.05 The Central Match – Goals Extra. 5.15 Cartoon Time. 10.35 Local Weather.

CHANNEL:
12.30 The Munsters Today. 1.05 Channel Diary. 2.10 Nigel Mansell's IndyCar '93. 2.40 Biggin Hill International Air Fair 1993. 3.40 Cartoon. 3.55 WCW Worldwide Wrestling. 5.00 Channel News. 5.05 Puffin's Pla(i)ce. 5.10 Cartoon Time.

GRAMPIAN:
12.30 Cruinne-Ce. 1.05 Grampian Headlines 2.10 Telefios. 2.40 Calptean Planaid. 3.10 Tomas Toneach 'S A Charaidean. 3.15 Movies, Games and Videos. 3.45 Police News. 3.55 WCW Worldwide Wrestling. 5.00 Grampian News and Sport 5.05 Grampian News Review. 5.10 Cuirm Cloinne. 10.35 Grampian Weather

GRANADA:
12.30 Movies, Games and Videos. 1.05 Granada News 1.10 Kick Off. 1.40 Granada Sport Action. 5.00 Granada News 5.05 Goals Extra. 5.20 Cartoon.

HTV:
12.30 Movies, Games and Videos. 1.05 HTV News. 2.10 Nigel Mansell's IndyCar '93. 2.40 McCloud: The Man with the Golden Hat. 4.30 Cartoon Time. 5.00 HTV News and Sport 5.10 Cartoon Time. 10.35 HTV Weather.

MERIDIAN:
12.30 The Munsters Today. 1.05 Meridian News. 2.10 Nigel Mansell's IndyCar '93. 2.40 Biggin Hill International Air Fair 1993. 3.40 Cartoon. 3.55 WCW Worldwide Wrestling. 5.00 Meridian News. 5.10 Cartoon Time.

SCOTTISH:
12.30 Movies, Games and Videos. 1.05 Scotland Today. 2.10 Telefios. 2.40 Caiptean Planaid. 3.10 Broken Arrow. (1950) 5.00 Scotland Today and Sport 5.10 Cartoon Time. 10.35 Scottish Weather.

TYNE TEES:
12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 2.10 Man About the House. (1974) 3.45 McCloud: Night of the Shark. 5.00 Tyne Tees Saturday 5.15 Cartoon. 10.40 Three Days of the Condor. (1975)

ULSTER:
12.30 SUS. 1.05 UTV Live News and Sport 2.10 Nigel Mansell's IndyCar '93. 2.40 The Mountain Bike Show. 3.10 Cartoon. 3.20 WCW Worldwide Wrestling. 4.05 Motorcycling from Kirkistown. 5.00 UTV Live Early Evening News. 5.05 Saturday Sport. 5.10 Cartoon Time. 10.35 UTV Live News

WESTCOUNTRY:
12.30 Movies, Games and Videos. 1.05 Westcountry Weekend Latest. 2.10 Biggin Hill International Air Fair 1993. 3.10 Nigel Mansell's IndyCar '93. 4.10 The Mountain Bike Show. 5.00 Westcountry Weekend Latest. 5.10 Cartoon Time.

YORKSHIRE:
12.30 Movies, Games and Videos. 1.05 Calendar News 2.10 Man About the House. (1974) 3.45 McCloud: Night of the Shark. 5.00 Calendar News. 5.15 Cartoon. 10.40 Three Days of the Condor. (1975)

SUNDAY

BBC1

7.00 Ceefax Pages. 7.25 Animal World. 7.40 Pigeon Street. 7.55 Playdays. 8.15 Rupert the Bear. 8.20 Felix the Cat. 8.35 Paper Cameras. 9.00 News. 9.15 Summer Sunday. 10.00 See Hear! 10.30 Film: One Good Turn.

12.00 Kingfisher: Secret Splendour of the Brooks. One of Britain's most elusive and exotic birds.
12.30 CountryFile. The causes of car accidents on rural roads.
12.55 Weather for the Week Ahead.
1.00 News.
1.03 Harry and the Hendersons.
1.30 Richard Attenborough: Talking Pictures. As he celebrates his 70th birthday today, Lord Attenborough discusses his long and illustrious career in British cinema.
2.00 EastEnders.
3.00 Film: The African Queen. A steamboat captain and prim missionary trade insults while journeying along a dangerous river. Humphrey Bogart and Katharine Hepburn star and spar. Immensely enjoyable (1951).
4.40 If the Worst Happens. First aid for children's burns, including the case of a 17-month-old girl recovering after being severely scalded three months ago.
4.50 Lifeline. John Craven appeals on behalf of the Gardening for Disabled Trust.
5.00 That's Life Summer Special. Highlights from the recent series.
5.40 Beatrix Potter: The World of Peter Rabbit and Friends.
6.10 News.
6.25 Summer Praise. Pam Rhodes visits Scarborough in a programme celebrating the great British seaside holiday.
7.00 Last of the Summer Wine.
7.30 Strathblair. Andrew and Flora have something to celebrate. Last in series, starring Ian Carmichael.
8.20 Film: Always. Richard Dreyfuss stars in the premiere of Steven Spielberg's fantasy romance about a ghost who helps his former girlfriend learn to love again (1989).
10.15 News and Weather.
10.30 Everyman. Det Insp Carol Bristow investigates male attitudes toward women, probing the social conditioning and cultural beliefs that underlie many cases of rape and wife-beating.
11.10 Film: A Chorus Line. Michael Douglas stars as a choreographer auditioning dancers for his next show in Richard Attenborough's adaptation of the acclaimed Broadway musical (1985).
1.05 Weather.
1.10 Close.

BBC2

6.15 Open University. 9.10 System 93. 9.35 Teenage Mutant Hero Turtles. 9.55 Jonny Briggs. 10.10 Rugrats. 10.35 Grange Hill. 11.10 FOT. 11.25 Futurecooks. 11.50 The O Zone. 12.05 pm The Flintstones.

12.30 Sunday Grandstand. At 12.35 The Belgian Grand Prix. Round 12 from the spectacular circuit at Spa-Francorchamps. 2.35 Hockey: The Women's Champions Trophy. The final from Amsterdam. 3.10 Showjumping: The Derby. Coverage from the All-England course at Hickstead. 5.00 Motor Racing: The British Touring Car Championship. Rounds 13 and 14 from Brands Hatch. 5.30 Ice Hockey: The Olympic Qualifying Tournament. Great Britain's bid to reach next year's winter games begins with a match against Poland. 6.00 Motor Racing: The British Formula Three Championship. Highlights from Pembrey. Times may vary.
6.25 Film: American Hot Wax. Tim McIntire stars as legendary US disc jockey Alan Freed in this nostalgic and affectionate look at the early days of rock 'n' roll. The cast includes Chuck Berry, Jerry Lee Lewis and Screamin' Jay Hawkins. (1978)
7.50 Belgian Grand Prix. Highlights from Spa-Francorchamps, an opportunist's track which features the spectacular Eau Rouge, the fastest corner of any grand prix circuit. Commentary by Murray Walker and Jonathan Palmer.
8.30 Frost in the Air. The career of David Frost. Plucked from obscurity in 1962 to host the weekly satirical show That Was the Week That Was, he immediately adapted to the studio environment, hosting a series of frank interviews, setting in motion a career which has spanned 30 years on both sides of the Atlantic.
9.25 Visual Comedy: A Lecture by Rowan Atkinson. The rubber-faced comic demonstrates the art of mime, showing the best ways to create silent slapstick sequences.
10.15 Edinburgh Nights. Bruce Morton introduces highlights from the Edinburgh Festival, including the Perrier Award for comedy.
10.55 Moviedrome. Alex Cox introduces tonight's film.
11.00 Film: Face to Face. A history teacher resigns his job and forms a violent partnership with a bandit. Western adventure, starring Gian Maria Volonte and Tomas Milian (1967).
12.50 Close.

LWT

6.00 GMTV. 9.25 Heidi. 9.50 The Littlest Hobo. 10.15 The Mountain Bike Show. 10.45 Link. 11.00 Morning Worship. 12.00 Life and Soul. 12.30 pm An Invitation to Remember.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 Cartoon Time.
1.30 The Scottish Islands Peak Race. From Oban in the Argyll region to Troon on the Scottish mainland.
2.00 Call That Singing! Popular songs from Glasgow.
2.35 Highway to Heaven.
3.30 Athletics. Live from the Don Valley Stadium in Sheffield, where World and Olympic champions Linford Christie and Sally Gunnell compete on home ground. Presented by Jim Rosenthal, with commentary by Alan Parry, Peter Matthews and Steve Ovett.
5.30 The $64,000 Question. Last in series.
6.00 London Tonight; Weather.
6.20 ITN News; Weather.
6.30 Father Dowling Investigates. A mystery nun causes problems for Father Dowling and Sister Steve.
7.30 Film: Elvis and Me: The Movie. The story of Elvis Presley and Priscilla Beaulieu's courtship and marriage, based on her own best-selling memoirs. Dale Midkiff and Susan Walters star (TVM 1988).
9.45 ITN News; Weather.
10.00 London Weather.
10.05 Over the Rainbow.
10.35 The Inside Track on Parenting. Nick Ross turns the spotlight on the most difficult job of all.
12.05 The Story of New Order.
1.05 Film: McCloud: Butch Cassidy Rides Again. Crime drama. Dennis Weaver as Sam McCloud searches for a gang of robbers who disguise themselves as cowboys (1974).
2.55 Get Stuffed; ITN News Headlines.
3.00 Island Son.
4.00 Get Stuffed; ITN News Headlines.
4.05 Cue the Music.
5.00 Get Stuffed.
5.05 Extreme Asia.

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 Owl TV. 10.45 Land of the Giants. 11.45 Little House on the Prairie.

12.45 Film: The Return of Frank James. Henry Fonda stars in the title role as the fugitive setting out to avenge the murder of his outlaw brother Jesse James (1940).
2.30 The Other Side of the Moon. Philosophical Russian cartoon.
2.45 Football Italia. Napoli v Sampdoria. Live coverage of today's top Serie A match.
5.25 News Summary.
5.30 Hypnosis.
6.00 The Real World. Julie and Kevin's friendship reaches breaking point, while Heather is questioned by the police.
6.30 The Cosby Show.
7.00 Equinox. How the high-tech Japanese car industry boosts its impressive sales by carrying out in-depth surveys of young people to predict their future preferences and attitudes.
8.00 Concerto! Dudley Moore and Michael Tilson Thomas explore Saint-Saens' Cello Concerto, examining both the rehearsal and recording of the work.
9.00 South Bank Show Special. Second of a two-part profile of actor, producer and director Sir Richard Attenborough. Shown previously on ITV.
10.00 Film: Magic. A mentally unstable ventriloquist falls under the influence of his dummy. Anthony Hopkins stars in the psychological chiller, directed by Richard Attenborough and based on the book by William Goldman. With Ann-Margret and Burgess Meredith. (1978).
12.00 Film: L'Ami De Mon Amie. Complications arise when a young woman enlists the help of a friend to win the man of her dreams. French comedy, starring Emmanuelle Chaulet, Francois-Eric Gendron and Sophie Renoir.(1987). (English subtitles).
1.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
9.25 Rin Tin Tin: Hero of the West. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 12.30 Countrywide. 12.55 Anglia News. 1.10 Stuntmasters. 6.00 Anglia News on Sunday 10.00 Anglia Weather.

CENTRAL:
9.25 Rin Tin Tin: Hero of the West. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 12.30 Central Newsweek. 12.55 Central News 1.10 Spinning the Globe. 2.10 Call That Singing! 2.45 Take 15. 3.00 Challenge of the Seas. 6.00 Cartoon Time. 6.15 Central News 6.30 Murder, She Wrote. 10.00 Local Weather.

GRAMPIAN:
9.25 Rin Tin Tin: Hero of the West. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 10.45 Cartoon Time. 11.00 Sunday Service. 11.45 Link. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 1.10 Laoidhean Is Salm. 1.40 Call That Singing! 2.15 Adventure. 3.00 Nigel Mansell's IndyCar '93. 3.30 Scotsport. 6.00 Grampian Headlines 6.05 Eikon. 6.15 Appeal. 6.30 Murder, She Wrote. 10.00 Grampian Weather.

GRANADA:
9.25 Rin Tin Tin: Hero of the West. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 12.25 Young Up Front. 12.55 Granada News 1.10 Like Father, Like Son. 2.35 The A-Team. 5.30 Father Dowling Investigates. 6.15 Granada News 6.30 Coronation Street.

HTV:
9.25 The Magic Galoshes. 10.15 The Littlest Hobo. 12.25 HTV News. 12.30 HTV Newsweek. 1.10 The A-Team. 2.30 The West Match. 5.30 Cartoon Time. 5.45 The $64,000 Question. 6.15 HTV News. 10.00 HTV Weather.

MERIDIAN:
9.25 Rin Tin Tin: Hero of the West. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 12.30 Cartoon. 12.50 Meridian News. 1.10 Call That Singing! 1.45 True as a Turtle. (1956) 5.30 Cartoon. 5.45 Champions. 6.15 Meridian News. 6.30 Murder, She Wrote.

SCOTTISH:
9.25 The Littlest Hobo. 9.50 Highway to Heaven. 10.45 Wemyss Bay 902101. 11.30 Link. 11.45 Sunday Service. 12.30 Life and Soul. 12.55 Scotland Today. 1.10 Brand New Life. 2.35 The A-Team. 3.30 Scotsport. 5.30 Speaking Our Language. 6.00 Scotland Today 6.05 Eikon. 6.15 Appeal. 10.00 Scottish Weather.

TYNE TEES:
9.25 Pippi Goes on Board. 10.15 The New Adventures of Black Beauty. 12.25 Tyne Tees News Review. 12.50 Tyne Tees Newsweek. 1.10 The Secret of Old Glory Mine. 2.35 Life Goes On. 5.30 Cartoon Time. 5.50 Tyne Tees Weekend. 10.00 Local Weather.

WESTCOUNTRY:
9.25 Rin Tin Tin: Hero of the West. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 1.10 Family Theatre. 2.35 My Story. 2.50 Out of Limits. 3.00 Champions. 5.30 Around the World in 15 Minutes With Peter Ustinov. 5.45 The $64,000 Question. 6.15 Westcountry Weekend Latest. 6.30 Murder, She Wrote.

YORKSHIRE:
9.25 Pippi Goes on Board. 10.15 The New Adventures of Black Beauty. 12.25 The Littlest Hobo. 12.50 Calendar News. 1.10 The Secret of Old Glory Mine. 2.35 Life Goes On. 5.30 Cartoon Time. 5.50 Calendar News and Weather 10.00 Local Weather.

RADIO

SATURDAY

BBC RADIO 2

6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Sarah Kennedy. 12.00 Hayes on Saturday. 1.30 The Queen of Romance 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Hats Off to Donald. 5.00 Cinema 2. 5.30 Nick Barraclough. 6.00 Chas and Dave Plus Friends. 7.00 Katie and Friends. 7.30 The World Choir. 9.30 David Jacobs. 10.00 The Arts Programme. 1.00 Adrian Finighan. 4.00 Barbara Sturgeon.

BBC RADIO 3

6.35 Open University: Victorian Britain - The Debate on the Second Reform Act. 6.55 Weather.
7.00 Saturday Morning Concert.
9.00 News.
9.05 Prom News.
9.20 Record Release.
12.00 Spirit of the Age.
1.00 News.
1.05 Shostakovich: The String Quartets.
2.10 Ludwig Thuille.
2.40 Edinburgh International Festival 1993.
5.00 Jazz Record Requests.
5.45 Dmitri Sitkovetsky.
7.15 Prom News. Preview of the coming week's attractions.
7.30 Proms Berlioz, Tchaikovsky, Saint-Saens, Rimsky-Korsakov.
9.35 Studio Three: The Long, Hot Summer of '76. Gabriel Gbadamosi's play about 1976's tension-fraught Notting Hill Carnival.
10.30 George Shearing. A recording of a concert by this popular pianist in the Forum, Bath.
12.30 News. 12.35 Close.

BBC RADIO 4

6.00 News.
6.10 The Farming Week. The English wine industry.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway. Eddie Mair visits Quebec.
10.00 Loose Ends.
11.00 Talking Politics.
11.30 From Our Own Correspondent.
12.00 Inside Money.
12.25 They Think It's All Over.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444. Phone-in programme.
2.30 Playhouse: At Sea on Inya Lake. By Guy Slater.
4.00 Three Actors in Search of a Character.
4.30 Science Friction.
5.15 Personal Obsessions. Rhoda Butler's collection of hillbilly music recordings.
5.25 Fourth Column.
6.00 News and Sports Round-Up.
6.25 Stuck off and Die.
6.50 Ad Lib.
7.20 Kaleidoscope. Trumpeter Wynton Marsalis reflects on his career.
7.50 Saturday Night Theatre: The Battle of San Remo. By Royce Ryton.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Hot, Steamy Baths.
10.45 Encounters. Great figures of the past.
11.00 Richard Baker Compares Notes.
11.30 Boogie Up the River.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 World Service.
8.30 Weekend Edition.
9.30 Get Set.
10.30 Hopalong Cassidy.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
6.05 Six-O-Six.
7.30 Afropop Worldwide.
8.30 La Top.
9.30 Nightbeat.
10.00 Sports Bulletin.
10.15 The Way Out.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:
6.00 News. 6.30 Europe Today. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 Inside Westminster. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Round-up. 11.00 News Summary; Jazz Now And Then; Letter From America. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; Words of Faith; Multitrack Three. 1.45 Sports. 2.00 Newshour. 3.00 News; Sportsworld. 4.00 News; BBC English. 4.30 Heute Aktuell: News in German. 5.00 News; Sportsworld. 6.00 BBC English. 6.30 Heute Aktuell: News in German. 7.05 German Features. 8.00 Proms '93. 8.29 News. 8.30 Parallel Lives. 8.45 From The Weeklies. 9.00 News; Words of Faith; Personal View. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain; Jazz For The Asking. 11.45 Sports. 12.00 News; Words of Faith; Book Choice; A Jolly Good Show. 1.00 News. 1.30 The John Dunn Show. 2.00 News; Play Of The Week: The Curse Of The Pharaoh. 3.00 News. 3.30 Images Of Wales. 4.00 News; News About Britain. 4.15 Sports. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2

7.00 Don Maclean. 9.05 John Sachs. 10.30 Elizabeth Power. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Rosemarie Ford. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour Summer Specials. 9.00 Alan Keith. 10.00 Paul Cole. 12.05 Adrian Finighan. 3.00 Alex Lester.

BBC RADIO 3

6.35 Open University: Education – Witness to Change. 6.55 Weather.
7.00 The Phoenix and the Oracle. Byrd: Christe Qui Lux Es Et Dies.
9.00 News.
9.05 Brian Kay's Sunday Morning. Resnicek, Handel, Mozart, Schumann, Vaughan Williams, Milhaud, Bach arr Elgar, Grieg, Holst, Schubert, Dvorak, Haydn.
12.00 Vintage Years.
1.00 News.
1.05 Poetry in Action.
1.20 Edinburgh International Festival 1993.
3.05 Shostakovich: The String Quartets.
4.25 Melvyn Tan. Mozart and Beethoven.
5.00 Edinburgh International Festival 1993. Gerhard.
6.20 Hebrides Ensemble.
7.00 Proms. Haydn.
9.55 Sunday Play: Suffer the Little Children. By Simon Gray.
10.55 Edinburgh International Festival 1993. MacMillan.
12.15 The Tryst. Gaelic music.
12.30 News. 12.35 Close.

BBC RADIO 4

6.00 News.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 The Living World.
7.40 Sunday.
8.50 John Cole. Appeals on behalf of the Corrymeela Community.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers. Omnibus.
11.15 News Stand.
11.30 Pick of the Week.
12.15 In the Psychiatrist's Chair.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial: Tono-Bungay.
3.30 Tolstoy: At War and Peace.
4.00 Ages Past. The role of marriage in family life.
4.47 Siesta Days, Fiesta Nights.
5.00 Blunkett on Borders.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Notes from Laputa.
7.00 In Business.
7.30 A Good Read.
8.00 Rites of Passage. Six programmes on funeral rituals.
8.30 Pony Tales. Josephine, Christine and Diana Pullein-Thompson's novels for children.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Science Friction.
11.00 Out of Order. Political quiz.
11.30 Seeds of Faith.
11.45 Before the Ending of the Day.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 World Service.
8.30 Weekend Edition.
9.30 Whoppers.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.40 Open Forum.
1.00 Sunday Sport.
7.20 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:
6.00 Newshour. 7.00 News; News About Britain; Letter From America. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent; Write On. 9.00 News; Words of Faith; Ray On Record. 10.00 News; Business Review. 10.15 Short Story: Louie's Balloons. 10.30 Folk Routes. 10.45 Sports. 11.00 News; Science in Action. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 Newsdesk. 12.30 The John Dunn Show. 1.00 News; Play Of The Week: The Curse Of The Pharaoh. 2.00 Newshour. 3.00 News; The Fight Against AIDs. 3.30 Anything Goes. 4.00 News; BBC English. 4.30 News and Features in German. 5.00 News; News About Britain; Images Of Wales. 5.45 Letter From America. 6.00 BBC English. 6.30 News And Features in German. 8.00 Music Inside Out. 8.30 Europe Today. 9.00 News; Words of Faith; Folk Routes. 9.30 Brain of Britain. 10.00 Newshour. 11.00 News; News About Britain; Louie's Balloons. 11.30 Letter From America. 11.45 Sports. 12.00 News; Business Review; Ray On Record. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News; The Record Producers. 2.45 The Cello On Record. 3.00 Newsdesk. 3.30 Composer Of The Month: Felix Mendelssohn. 4.00 News; News About Britain. 4.15 Sports. 4.30 BBC English. 4.45 News And Press Review in German.

CHESS

LLOYDS BANK'S annual international has a reputation for upsets. This week top seeded Michael Adams, fresh from his success in the world title interzonal, was twice soundly defeated by lower ranked UK masters; while schoolboy Paul Griffiths outplayed a Russian grandmaster.

Lloyds Bank has a prize fund of £8,000, yet for many entrants its real attraction is the chance for international honours. Luke McShane, 9, hailed as the next Nigel Short, this week became the youngest player ever with a Fide world rating. Matthew Sadler, 19, is trying to qualify as the UK's youngest grandmaster in the final rounds this weekend (M Sadler, White; B Asanov, Kazakhstan, Black; Lloyds Bank 1993).

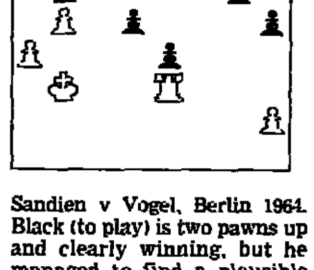
1 d4 g6 2 c4 Bg7 3 e4 d6 4 Nc3 Nf6 5 f3 0-0 6 Bg5 6 Be3 is book, but Sadler used Bg5 to defeat John Nunn at Hastings. Nbd7 Either Nc6 or 6 . . . c5 7 d5 e6 is better, since the premature Nd7 hems in Black's Q-side.

7 Qd2 a6 8 Nge2 c5 9 dxc5 dxc5? Nxc5 keeps the central file closed. 10 Rd1 Qa5 11 Nc1 e6 12 Be2 Ne5 13 f4 White's compact formation expands, ready to infiltrate the black position.

Nc6 14 e5 Nd7 15 0-0 f6 16 Nb3 Qb4 17 exf6 Nxf6 18 Kh1 If at once 18 Qd6? Ne8 19 Qxc5 Qxc5 20 Nxc5 Bd4+. Kh8 19 Qd6 Nd7 20 Rf3 a5 21 Nb5 Nd4 22 a3 Nxb5 If Qa4 23 Rxd4! cxd4 24 b3 traps the queen.

23 Qxf8+! Nxf8 24 axb4 Nd4 25 Nxd4 Bxd4 26 Rxd4! cxd4 27 Bf6+ Kg8 28 Ra3 Resigns. Black is reduced to a standstill. After a4 29 Bxd4 he is "only" one pawn down, but a4 falls and White dominates the board.

No 988



Sandien v Vogel, Berlin 1964. Black (to play) is two pawns up and clearly winning, but he managed to find a plausible way to lose. Can you work out what happened?

Leonard Barden
Solution Page XVIII

BRIDGE

MY HAND today comes from a first class rubber:

N
♠ 10 9 8
♥ Q 8 7 5
♦ K 5 4
♣ K 9 8

W
♠ 4 3 2
♥ A K J 2
♦ 8 2
♣ 10 7 5 2

E
♠ 7
♥ 10 9 6 4 3
♦ J 10 9 3
♣ Q J 6

S
♠ A K Q J 6 5
♥
♦ A Q 7 6
♣ A 4

At game all, South dealt and bid two spades. North responded with two no-trumps, South re-bid three diamonds and North gave jump preference with four spades. South tried five clubs, North said six clubs, and South's six spades ended the auction.

West opened with the heart king and the declarer, after some thought, allowed it to win, discarding his club three. West switched to a spade and South drew five rounds, throwing two hearts from dummy, while West discarded heart two and diamond two and East threw four hearts.

South cashed king, ace and queen of diamonds. At this stage, West held heart king and three clubs to the 10; East had diamond knave and queen, and knave and six of clubs; dummy held heart queen and three clubs to king; while South had spade six, diamond seven, and ace and four of clubs.

South played his spade, forcing a club from West. Dummy's heart was thrown and East, too, had to throw a club. South made ace, nine and eight of clubs for contract – a perfect double squeeze. Brilliant planning and play.

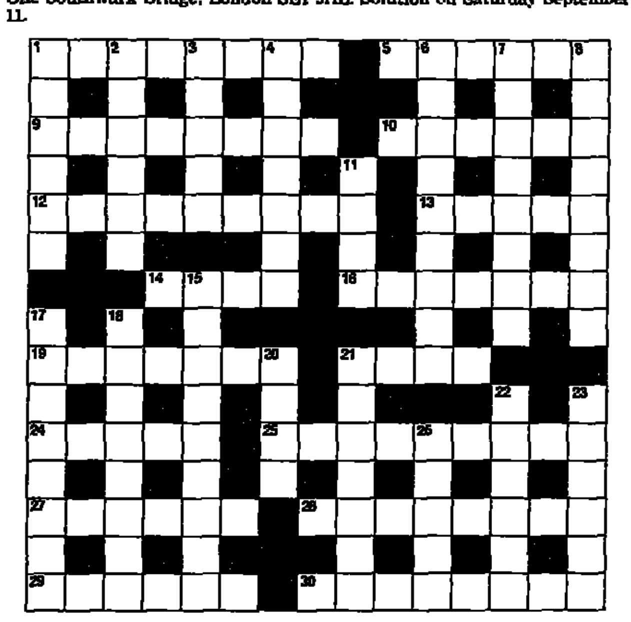
I would have played a dummy reversal, ruffing four hearts with my spade honours, crossing to dummy's eight and nine of trumps and the club king, finally, to the diamond king to draw the last trump – 12 tricks guaranteed and 13 if the diamonds break.

E.P.C. Cotter

CROSSWORD

No. 8,240 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday September 8, marked Crossword 8,240 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday September 11.



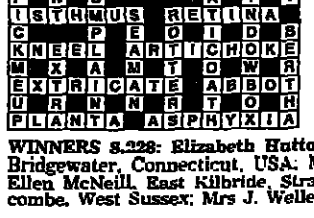
ACROSS
1 Fidelity has standard ideas revised (8)
5 Shrewd Conservative at bar (6)
9 A trailer damaged by the main road (8)
10 Arden's unlikely to be set with traps (6)
12 Minor burn? (9)
13 Mash is second choice (5)
14 Unfinished frown is lighter (4)
16 This country must keep it in mind (7)
19 Floor that is French in character . . . . (7)
21 . . . . hardwood jumble (4)
24 Make Bill, say, work in the house (5)
25 Oxy-phenol compound used by wood-tappers (9)
27 Alternative to one short spring? (6)
28 Enough notice given with balance (8)
29 Article in bowl is a tongue (6)
30 The sort to confront the printers? (4-4)

DOWN
1 Approval of power-hoist (6)
2 Send back statement (6)
3 Spiderman's inner skin? (5)
4 Frivolous sort of welcome in Cornwall area (7)
6 29 vessels sploshing about? (9)
7 Half-silver, obsolete Siamese coin on end (8)
8 Suggestive of relief in hire-charge (6)
11 Run through street tar (4)
15 States of unstable neurotics (9)
17 Nearly round figure of champion among retired pickpockets (8)
18 Haydn's original composition? (8)
20 Strain on one cab (4)
21 Time to make hay around foreign lido? (7)
22 Follower attending a musical composition (6)
23 Blue pencil, say, is a hindrance in river (6)
26 Offence taken when card-game is not completed (5)

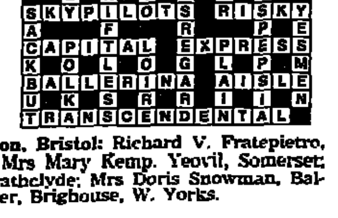
Name________________

Address________________

Solution 8,239



Solution 8,228



WINNERS 8,228: Elizabeth Hutton, Bristol; Richard V. Fratepietro, Bridgewater, Connecticut, USA; Mrs Mary Kemp, Yeovil, Somerset; Ellen McNeill, East Kilbride, Strathclyde; Mrs Doris Snowman, Balcombe, West Sussex; Mrs J. Weller, Brighouse, W. Yorks.

Summer Rites

Birds of a feather

ONLY A very sensitive ornithologist would want to claim that the grouse was a lovely bird. *Lagopus lagopus* is a gawky creation which barks when it should trill and flies with a sort of aerial stagger when it should soar. Nature, I think, patently intended this fowl of the air for the pot.

Still, I confess to a frisson of pity the first time I saw one downed, somewhere up on the Banff moorlands, not far from the Glenlivet distillery.

A late grouse has marvellous scarlet eyes, with black pupils that catch glints of sunlight as the bird lies blasted in tussocks of Highland ling. This is the stuff of the sporting print, the appetising table-mat, the jaunts of Jorrocks and the fields of Fielding.

But I briefly mourned the unlovely bird. And I now realise why, for it is becoming increasingly hard to put a gloss of time-honoured prowess on a dead grouse in the 1990s.

To begin with, the guns of today are too good. The birds have the odds against them. Humans may be known for their intelligence, but grouse are not. A double-barrelled shotgun has one barrel too many: that is what our great-grandfathers would say.

But that is not the crux of one's objection to glory on the grouse moor. Put crudely, it is that the wrong sort of sportsman is bagging these birds. It would be undiplomatic, not to say ungentlemanly, to

Nigel Spivey ponders grouse beaters and their place in the scheme of things

name nationalities, though when I last went beating even the unctuous head game-keeper took exception to a detachment of Italian Christian Democrat town councillors firing away at rabbits all stricken with chronic myxomatosis.

The fact is that nothing says so much about the decline of British aristocracy as grouse shooting. All that is left to us natives is the state of vassalage. We can hardly afford to shoot, so give us a stick, affix an old fertiliser bag, marshall us into a line and let us earn a crust by beating the birds towards the guns of our new masters.

Beaters are masochists. They take a delight in the humiliation of it all. The game-keepers run about in plus-four tweeds and hob-nailed boots, dictating strategies over portable telephones. The beaters do as instructed. A whistle sounds. The beaters obediently set off.

It may be a mile before they converge – plashing through streams, beset by midges but always flapping that old fertiliser bag on a stick. Whole families of grouse peacefully grousing in the heather go spiralling up.

As the beaters inexorably unite, and the glen fills with flapping bags, the guns begin to pop and blaze. Scrambling up the hillside, dodging the patter of pellets, the charitable beaters are the ones wearing Barbour jackets.

Before the dogs home in on fallen birds, before the men with foreign tongues begin to congratulate themselves and their quintuple-barrelled guns, there is always the chance to express your pity for a grouse that has ceased to be: pick him up and stuff him into one of those spacious poacher's pockets a Barbour so thoughtfully provides.

After a hearty morning esconced in the butts on the edge of a hill, the alien aristocrats pass round their hip-flasks, exchange a few jokes about the state of the currency markets – and wait for lunch.

Lunch will certainly arrive in a Land Rover, toiling up from the local country house hotel. That vehicle will be even more certainly piloted by two gorgeous Sloanes. Cold cuts, smoked salmon, *foie gras* and Stilton are disembarked, and Bollinger is found to ease the nourishment down.

The beaters? The beaters will be out of sight, by order of the keepers. An unkempt motley of old Etonians, Oxford graduates and peers of the realm, they have much in common: processed cheese sandwiches, Red Label tea, and a packet of Silk Cut. They bask in the sun. They know their place.

A racehorse being exercised. A convocation of soldiery. Pallid mannequins loitering. At war or at peace, Beirut is a city of the strangest incongruities and juxtapositionings. These photographs are from a portfolio of work shot this summer by Morris Carpenter, one of two winners of the first Alan Harper Bursary, which is open to photographers under 25. The £5,000 bursary was set up in memory of Alan Harper, an FT photographer who was killed while on assignment in the Kuwaiti oilfields in 1991. For his project, Carpenter, who works for Zoom Photographic, concentrated on the rebuilding of Beirut, the protection of its historical buildings and archaeological sites – and the effects of redevelopment on the survivors of war.

Where vulgarity is a virtue

FROM TIME to time, I have dipped a toe into the waters of Britain's seaside resorts. No matter how I disdain the boardwalk for its vulgarity and seediness I am, at the same time, attracted to it for precisely those reasons. So why not, I decided, pay a visit to the oldest and biggest of all promenades in Britain? Result: on a recent Friday evening, I caught a train northwards. Three hours later, I alighted in exotic Blackpool, mother of all British seaside resorts.

Perhaps it was the knifing wind and fine, cold drizzle that blew in off the sea, sending sweet papers and cigarette packets swirling; perhaps it was the recession. Either way, an inescapable air of weariness enveloped the small shops and businesses, the half-empty B&Bs, the down-at-heel pubs along my way. As I walked through back streets towards a Blackpool Tower obscured by mist, I felt suddenly glum. I could not help thinking that the special atmosphere of the English coastal resort might have become superfluous.

Who needs seaside seediness now that it has seeped its way inland, through the entire country? Where is the fun in vulgarity if it has worked its way into the highest social and political circles? There are times, these days, when all Britain seems gripped by the ethos of the penny arcade. Not even a short stroll along the Golden Mile itself – the long band of fast-food kiosks, amusement arcades, souvenir shops and jostling crowds that fronts the sea – cheered me. The chip shops smelled of stale oil. The souvenirs looked grubby and pawed-over.

Braving a ghastly electronic howl, I stuck my head into an amusement arcade. I did not really expect it, but there was not a coconut shy, a dart or hoop or skittle in sight; the fun seemed centred on video-screen games featuring heavily-armed psychopaths trying to kill each other.

Not even the real people looked happy. Groups of loud youths blundered by with beer bottles in hand. Elderly women wandered aimlessly out of bingo halls into the rain. In the restaurant beside the tower, I queued behind a man and wife in bright nylon shell suits, a baby sealed in a plastic-covered pram between them. They consumed their Big Macs joylessly and left without a word.

I had a Big Mac, too, and ruminated. Was this a final picture of England, supine and spiritless? Had the cheer gone even from the cheap and cheerful?

Not at all, said Barbara Rocks, when I asked her what she thought. It was simply the rain and grey weather. Recession or no, Blackpool remains a place where you can find a bit of fun. Barbara, for eight years proprietress of the Norwin B&B, is a level-headed Scot and immediately dispelled my moodiness.

Besides, her spotless little establishment, from the plastic flowers in the dining room to the coloured lights in the bay window, struck just the right note. So did Barbara. I like being called dear and told not to fret. Tomorrow, I was promised, would be a brighter day. And it

Blackpool is the genuine article, says Nicholas Woodsworth

was. How, I wondered as I strolled towards the promenade, could I have doubted the town's resolve to see the rest of the country through its lowest moments?

The world at large might be down in the dumps but, if sea-front hoardings and advertising are anything to go by, Blackpool is one great laugh of a place. Without leaving town I could watch the Hilarious Jolley Brothers, Nick Miller's Comedy Store, Roy Walker's Family Laughter Show, the duo Joka, the funnymen Little and Large, the Shamrock Music and Laughter Show, Chubby Brown, Bernard Manning, and scores of other comedy routines. There were singers, dancers, musicians, magicians, ventriloquists and every other kind of performer; making people laugh, though, is Blackpool's real talent.

Low-brow mass entertainment? Perhaps. But then, Blackpool is about temporary escape, simple relief from the monotony and enforced dullness of working-class life. And who needs Godot in Blackpool? There is enough of the surreal about the place as it is.

Summer, for example, is not a season in Blackpool but an attitude. In the stiff breeze on the promenade, young couples in shorts and T-shirts strolled hand-in-hand as if whiling away time on the French Riviera. Wind-whipped but undaunted, the elderly reclined gingerly in rented canvas chairs.

I enjoyed walking the piers. On Central Pier, I circled round and round on a Ferris wheel while, far below, bumper cars bumped and the surf crashed to the theme song of *Hawaii Five-0*. On the Victorian-style North Pier, where a small tram runs between little white pavilions with green onion domes, there are still a few traditional games of skill left. I threw hoops over bottles, fired corks from pistols, aimed balls at moving targets.

I could not even set foot in Harry Ramsden's famous fish restaurant, so great were the queues that evening. Instead, I bought a bag of rock cod and chips from the take-out counter and parked myself on a bench not far away. Why is it that strange women never make saucy remarks to me when I sit on public benches in London? Perhaps there is safety in numbers – Blackpool is a place where whole office-loads of secretaries, entire shops-full of sales assistants, choose to unwind.

I am not sure I could take more than two or three days of Blackpool. There are times when the rain falls, the wind blows, and not even the most successful fantasist could pretend he was on the Riviera. Then, one is forced indoors with hordes of sodden holiday-makers, and it all becomes too much.

What Blackpool has, above all, is amiability. My last evening was spent at a show at the Layton Institute, a working men's club some distance from the Golden Mile. The singing was mediocre, the humour parochial. But the atmosphere was as warm and sociable as anything I have encountered in Britain.

In London, I live surrounded by people of cool, off-handed mien. It is a city where outsiders rarely feel entirely at home. But, in Blackpool, I felt at home in five minutes. Beneath the seediness and vulgarity, it has a strength of popular culture that, even in tough times, can make the airs and pretensions of London seem gaudy.

Footprints of the Holocaust

■ From page I

showed us documents illustrating the presence of Jews in Bolimow for more than 300 years. These were annual returns of the local forest collective, the shareholders of which, regardless of religion, enjoyed the rights to timber from the local woodlands. Their contributions were used to pay for the village's amenities.

Alongside their names and details of their annual payments, the shareholders had made their marks. The Christians signed with three crosses; the Jews had drawn three small circles. On the returns for 1820 and 1939 I found the name Mann, the surname of my mother's cousins and the largest Jewish family in Bolimow.

"I remember all the Jewish families," said Stefan, mentioning five people who had been his friends. He fished out a 1907 group photograph of about 30 members of the village's volunteer fire brigade. On the reverse he had written all their names, Christians and Jews.

He described two wartime events. Early in the war, he had been arrested by the Gestapo and taken to Lowicz, where the town's Jewish leaders were being tortured to extort money from the rest of the Jewish community. Once the ransom was paid, they were murdered, along with the others.

In Bolimow, two families – 11 people – had hidden in a bunker that they had built and furnished near the river Rawka. They survived until 1944, when they were betrayed to the Nazis. Before being executed, they persuaded the Germans to spare a non-Jewish Polish soldier who had shared their hiding place. Their Christian neighbours took their bodies to the Jewish cemetery and buried them. Stefan said that the only local Jews to survive the war were four boys who had gone to Palestine when it ended.

I drove back to Warsaw grateful to Stefan and Jan for their acts of remembrance. Three weeks later, we took our photographs and notes of the visit to Freda and Moshe in Israel. From the photographs, Moshe identified his own house and that of my great-aunt. They appeared unchanged, he said.

After the war, Moshe had corresponded with his former school teacher in Bolimow and knew about the two families who had hidden by the river. One of them, the Shtiefermanns, were his own first cousins. He had also known the four boys who had lived through it all and reached Palestine after the war; their families still live in Tel Aviv. As for Stefan Konopczynski, Moshe's mother used to buy her crockery from him.

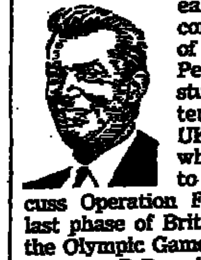
Back in London, I turned to Martin Gilbert's *Atlas of the Holocaust* to discover the likely fate of the rest of the family – my mother's seven cousins, their elderly father, wives, husbands and children.

A ghetto was created in Bolimow on June 11 1940. In February or March 1941, its inhabitants were among 72,000 Jews from the district dispatched by road to Sochaczew, from where they were sent by rail to Warsaw. In the ghetto there, they either shared the fate of the 150,000 who died or fought, or were among the 350,000 sent from Warsaw to the Treblinka death camp.

Had my mother still been alive, I wonder if I would have had the heart to tell her this story. But perhaps she had known some of it all along – and never had the heart to share it with me. At least my own children will know.

Double your bid

Michael Thompson-Noel



MUCH OF what I earn comes from consultancy – heads of government, Ross Perot, Nasa, Nato, stuff like that. Yesterday it was the UK sports minister who summoned me to his lair, to discuss Operation Final Push – the last phase of Britain's bid to stage the Olympic Games of 2000 in Manchester. D-Day is September 23, when members of the International Olympic Committee make their decision.

I did not catch the sports minister's name, but I could tell from his clothes and gear – blazer, hockey tie, headguard, cycling shorts – that he was who he said he was.

"Right," said the minister. "Some coffee, Julian, *mucho rapido*." Julian is the minister's political assistant: a Michael Portillo look-alike from the Conservatives' hard right – gangster suit, purple tie, perfect teeth, Castilian hair-style, muscular, mercurial. Age: 27. Never turn your back to him.

"Manchester," said the minister. "Operation Final Push. Big heave essential. Political risks considerable. But rewards, of course, immense. Everything to play for. Grateful your advice."

I said: "What is your problem?"

He said: "As you know, the government has pumped untold billions into the bid to stage the 2000 Olympics. Manchester has acquired a surfeit of infrastructure. Nine new airports. A 12-lane ring-road. Dozens of hotels. Fifteen new museums. Hundreds of new restaurants. Waterfalls and parks. Zero-rent apartment blocks.

"And plans are well advanced for a *coup de théâtre*: the unveiling, on the last day of the Games, of the John Major Millennial Institute of Sport and the Performing Arts.

"But the prime minister is jittery. He read in *The Economist* last week that Beijing, one of Manchester's main rivals, is running a campaign of the utmost ruthlessness. According to *The Economist*: 'When the [Olympic] committee visited Beijing, a Chinese representative simply pointed to the five rings of the Olympic flag and said: 'China has 1.27bn people, more than one-fifth of the world's population ... One of those rings ... represents [us].' Absolutely dynamite. And then there is Sydney. It is co-favourite with Beijing."

HAWKS & HANDSAWS

"Sydney is smashing," I said.

"Just so," said the minister. "But let us concentrate on Manchester. I have called you in, Michael, because of your intellectual rigorousness – your ability to atomise complex scenarios into fundamental particles. So here is the big question: what is our Achilles' heel? What could possibly spook us?"

I said: "Three things, actually. *Numero one*: the weather. It has now rained in Manchester for 613 consecutive days. They have had blizzards and typhoons and showers of speckled frogs. To date, the media have co-operated and not blown the whistle. But the scandal could leak out. Manchester's weather is a catastrophe-in-waiting.

"*Numero two*: everywhere in the world there is an anti-British backlash. Europe hates us. Asia despises us. So does everyone else. In *The Times*, Kate Muir reported this week that in New York, especially, there is a campaign in progress denigrating everything British – our boorishness, our grottiness, our racism, our snobbishness, our economic backwardness, our Marks & Sparks underwear, even our garden gnomes. There is a floodtide of Anglophobia raging.

"*Numero three*: John Major. He's your biggest problem. You know he's got to go, so why muck around? Replace him with Portillo." From the chair next to mine, Julian flashed a smile. "But you can forget the Olympics. Manchester? Not a hope."

"So what should I do?"

I steepled my fingers and let my braincells whirr, atomising the scenario into fundamental particles.

I said: "There *could* be a solution. Your best bet, minister, hinges on the fact that Queen Elizabeth II is still Queen of Australia and Australia's head of state. So ... despatch our nuclear submarines. Have them resurface in Sydney harbour. Take Australia back. It is one of the world's best countries. The Aussies wouldn't mind. I am sure they would welcome you. Their brains have been softened by sun, sex and surf. By reconquering Australia you will acquire *Sydney's* bid to stage the Games of 2000. The IOC would love that. *Adiós*, Beijing. And we'd all fly south and live in Australia. Bondi here we come."

The minister said: "Your cheque is in the post."